

Business Succession planning

Be prepared for a change at the top

The prospect of losing a star player might seem remote, like a dot on the horizon, but don't leave it until their departure is looming – it could just sink the ship **Words Rob Gray**

In order to be irreplaceable one must always be different, said the pioneering French fashion designer Coco Chanel. She knew her stuff, did Coco. As proven by another of her famous quotes: as long as you know that most men are like children, you know everything.

Childish or otherwise, male or female, we all like to think we're irreplaceable. Yet even in the case of the great, undoubtedly unique Coco, life has gone on without her. Nearly half a century after her death, the Chanel brand is stronger than ever. Brilliant replacements, such as famous designer Karl Lagerfeld, have kept Chanel at the top.

The glamorous world of haute couture and designer fragrances isn't usually held up as a useful example to the grittier business of print. But there are leaders and star performers in every business, in print as much as any other sector, whose loss would be keenly felt. Possibly even to the extent of damaging or at worst totally destroying the business if no proper thought has been given to continuity.

Succession management should therefore feature in your forward planning alongside other business-critical issues. Even if you instinctively recoil from the notion of handing over the baton personally or dislike dealing with the prospect of replacing an outstanding member of the team. Though it may seem awkward, this is not an issue to be overlooked.

"Succession planning is key to building and maintaining a competitive edge for a company," says George Thompson, joint managing director of print industry recruitment consultancy Harrison Scott Associates. "Any successful business knows that talented staff define the company, and that does not just mean the handful of executives at the top. Identifying those

hidden gems, spotting and retaining talent to cultivate the future generation of leaders, is important for the sustainability of a business."

Long-term view

One business that has taken care to implement a smooth management transition is manufacturer Screen Europe. Brian Filler, its outgoing President, ensured meticulous procedures were followed regarding his own replacement.

"Screen is a Japanese company and as such takes a long-term view of all aspects of its business – particularly senior management progression and planning for retirement," says Filler. "I retire at the end of September and this was announced in June. However, we put steps in place for my replacement over two years ago to ensure a smooth and seamless transition for the new President of Screen Europe, and for the business, staff and customers.

"Takanori Kakita, who has progressed steadily through our organisation in Japan over many years, is very familiar both with the technical side of the business and its international sales activities. He moved over to The Netherlands and joined Screen Europe 18 months ago as Chairman so that he could familiarise himself with the business here and be ready to step into the role of President on 1 October. By taking this long-term view and planning accordingly, the process has been very easy."

Good practice in succession planning has been shown to have a positive impact on employee engagement. According to a survey for IT consultancy Software Advice, 62% of employees say they would be "significantly more engaged" at work if their company had a succession plan; while 94% of employers report that a succession plan positively impacts their employees' engagement levels. Openness, fairness and con-

sistency in this area are good for morale.

However, there are many misconceptions about succession planning. Most often, people concentrate on trying to create some sort of ladder leading to senior executive roles.

Unfortunately, this focus on the end game – that is, replacing the bosses – often misses the point, argues Dani Novick, director at Mercury Search & Selection. "If you look at it in decision-making terms, it is akin to assuming what's wrong, finding an answer and running with it without considering all the options," says Novick. "This is often exacerbated in SMEs – small numbers of staff lead to limited talent pools while the small number of opportunities leads to the really talented individuals getting bored and moving on before an opportunity arises."

So, how can you stop the rot? What is the best way to build resilience and succession readiness?

The key driver is using gap analysis to identify training needs. Of course, there are a variety of ways of addressing gaps in skills and knowledge and it is certain that in some cases external training will be required. But a great deal can be delivered internally.

A good place to start, says Novick, is on the shop floor. For example, printers should aim to ensure staff are trained on all pieces of equipment in their area.

Among SMEs, family businesses face their own particular challenges and there are, of course, a good few family firms in the print sector. According to PwC's Family Business Survey 2014-2015, a worrying 73% of family businesses do not have a documented succession plan; while 40% of owners are reluctant to hand over control to the next generation. Although this PwC survey was conducted in the United States, its findings are probably equally relevant to the UK market.

One family business that has recently gone through a smooth management transition is Geoff Neal Group, which began operations in 1976 in a rented 'shed' in Hounslow. The equipment back then was a single-colour Heidelberg Kord and a pre-war guillotine – which in its favour at least was not a French Revolution guillotine. From these humble beginnings, Geoff Neal built the company into a respected £15m London business that regularly secures *PrintWeek* awards for its high-impact direct mail work.

Last year, Geoff announced he planned to retire in 2016. The reins of power would be handed over to his son, managing director Sam Neal, who has worked in the business since 1998. That transition has now been completed without any major setbacks. What can others learn from how the business handled things?



Key dates and milestones

"My advice would be to start sooner rather than later as the process is bigger than it first seems," says Sam Neal. "Set some key dates and milestones and work towards them. However, hitting them is not abso-

lutely key in my experience as some things click into place quickly and others just take more time.

"One thing my father did very well was to allow me freedom and space to get on with things. Even when he knew the

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answer already or knew I was wasting my time. But he made sure he was then on-hand before money was spent or a commitment was made. Listening and learning is much easier when you have started to experience situations for yourself."

The printing industry has a higher proportion of owner MDs than most other sectors. Below £5m turnover, very few companies are run by salaried/non-equity MDs. These MDs are typically self-made people and find it difficult to let go. All the more so if the SME is not a family business with an obvious heir apparent anointed from a younger generation of relatives. In business consultancy circles, a phrase has caught on to describe this unwillingness to let go: sticky baton syndrome.

"Many of the issues and challenges are replicated in other industries, however there are some behaviours that, albeit not unique to printing, happen more often than in other sectors," says Thompson. "By that I mean an owner, with all good intention, appointing a successor, working with him/her over a handover period... only to take back the reins three months before the intended retirement date." Quite a kick in the teeth for the next generation of talent!

It is well known that hiring good sales staff is still the most difficult task in all recruitment. "As a recruiter," adds Thompson, "to approach a sales manager or sales director and say 'Our client, the MD of a £7m turnover printers, is looking to retire in 12/18 months and we are recruiting his successor', is a very powerful proposition. This means we can attract someone who is achieving anything from £750k to £2m in sales."

Thompson does concede that powerful though this proposition is, there is a major downside. The risk is that an appointment will be made because someone is a Super Rep, while losing sight of the primary objective of bringing in the person best qualified to lead the business.

Leaders need to inspire others, bring the best out of their team and be resilient. So selection should be based on much broader criteria than merely a knack for landing new business.

"Personality can play a significant factor in succession," says Novick. "Some people, while technically very skilled, are unsuited to the pressures of management roles. I think everyone will have heard of, if not experienced, the top-performing salesperson who failed when promoted to management or director level. At a senior level, employers may wish to employ psychometric testing to assess personality, aptitude and decision-making abilities."

Succession and resilience planning is not a luxury. It's a business fundamental. **PW**

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Geoff Neal Group

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HRtoolkit

Looking ahead to the possibility that you might one day lose your best performers isn't pessimistic – it really means being optimistic about identifying and nurturing replacement talent. Here's what to bear in mind

What next?

Top tips on succession planning

Prepare for the worst

- Don't bury your head in the sand hoping the unthinkable won't happen, there is no substitute for planning
- Conduct a risk assessment to identify which members of staff/roles are critical to the long-term success/future viability of the business
- Create a risk register listing key personnel
- Consider taking out so-called 'key man' insurance policies to protect against the loss of your key men or women through sudden death or serious illness. But remember, key person insurance is just one aspect of being well prepared and is not an alternative to comprehensive succession planning
- Also, make provision for what you would do if one of your top people was poached by a competitor

Take a methodical approach

- Think of succession issues in the context of understanding current and future business needs
- Weigh up how your business needs dictate departmental and role-specific requirements
- Set out what is necessary and desirable in terms of knowledge, skills and personality
- Conduct appraisals of all individuals within your business and then use gap analysis to map individuals against current positions, peer positions and possible promotions
- Use a combination of secondments, project work, internal and external training to bridge the gaps with the aim of having at least one person mapped with the skills to move into a vacancy
- Employers need to apply the same sort of structure to planning and assessment of their people that they would to high value capital purchases, probably more so



- Don't put all your eggs in one basket. If you commit all your training/development investment to just one person you will find yourself paddle-less up the proverbial creek if they decide to leave

From the shop floor to the boardroom

- At a senior level use psychometric testing to assess personality as well as aptitude and decision-making abilities
- Train staff on all pieces of equipment in their area. The same goes for the studio/repro staff; everyone should be cross trained to be competent on all equipment and software
- The obvious option and, of course, lowest cost, for training is to train in-house using your best operators to pass on skills and knowledge to the others. Of course, this will reduce the output of both trainee and trainer so needs to be scheduled carefully. Remember, any period of reduced demand is an ideal opportunity to work on skills
- The second option is to utilise equipment manufacturer's training provision. There may or may not be a cost attached to this depending on when and how much equipment you are buying
- In more administrative and technical roles, most training will be in-house. Utilising cross training

and inter departmental secondments is a great way of assessing ability and attitude; crucial in identifying up and coming talent

- One benefit of broad based management courses is the range of topics covered, so no matter what department the individual is from they gain an understanding of all of the factors impacting on the business. This very often leads to them having a more collaborative approach with their colleagues as they understand each other's issues much better

Bringing in talent

- Broadly speaking, there are two recruitment approaches. One is to wait until the position is vacant and recruit directly into it. Your risk analysis will give an indication of whether this is a realistic option. There can be no doubt that if a departure would have a large, long-lasting impact on the business it would be unwise to wait until it happens
- Alternatively, employers can look to recruit ahead of time to provide resilience to a departure. When considering this there are again two options, depending on the nature of the role. First, employers can look to hire new talent directly into a role or at least at the level required. This means running with duplicate or surplus resource and in the competitive environment of print is rarely

appropriate. However, for a leadership role, perhaps to replace an owner manager, this kind of parallel running/shadowing the owner until their departure or stepping back can be most appropriate

- The second and more common option is to recruit someone at a level down but building into the recruitment spec at least the potential of the requirements for the succession role. Again, depending on level, psychometric testing can be used as a predictor coupled with an approach to the interview where the assessment includes looking at the succession role requirements

Stay current, keep going

- Don't stuff your succession plan in a drawer never to be looked at again. Keep it up to date, taking into account how your organisation is developing – for instance, if you are expanding into new areas of business
- Challenge the people you have identified as high potential/future successors by giving them interesting projects and more responsibility that builds their skills, so that they are well equipped to step up when the time arises.
- Consider a sideways 'promotion' to keep your talented people engaged and acquiring new skills if an upward move is not currently possible
- Use appraisals to identify talent to groom – and to get a handle on any skills your business lacks
- Always keep your longer term business needs in mind. If your business is evolving, the chances are that you will need some different skills among your key people a year or two down the road. So keep your succession planning aligned with your business plan.