

How to do Founder Succession Planning: a guide for boutiques

Without a clear succession plan, founders:

- ...work too hard.
- ...take too long to get to exit.
- ...create a growth bottleneck.
- ...set a 'don't delegate' precedent for seniors
- ...have very long earn-outs.
- ...lose their most ambitious people.
- ... fail to upskill (and upcharge) their team.
- ...don't free up time for strategy, innovation & sale

The causes of a lack of succession planning are:

- ...you are just too busy.
- ...people won't do it as well as you
- ...your talent function is not professional.
- ...it's quicker to do it yourself
- ...you are a control freak / love being special !
- ... what you're doing has worked so far! Why change?
- ... you don't know how to do it!
- ... it's not the right time to start.

"You cannot scale without removing the bottleneck!"

A succession plan should:

- ...get the right people in the right roles
- ...follow a method.
- ...be measured.
- ...avoid key employee risk.
- ...last several years.
- ...transfer implicit knowledge to explicit
- ...use internal candidates.
- ...be managed as projects (scope, budget, timeline etc)
- ... change employee mindsets as they move up.
- ...use mentoring to transfer skills from seniors to juniors.
- ...build a sense of ownership among high potentials.
- ...be kept confidential

"This is not an HR exercise or process".

Remove YOUR bottleneck:

- Review & design your future role:
 - Define your key contributions which cannot and should not be delegated.
 - Understand the parts of your job that cannot scale.
 - Identify key relationships and knowledge that is implicit.
- Create a succession programme
 - Plan to delegate or outsource your non-key contributions.
 - Detail the key competences & attributes of the future role.
 - Plan the development activities that are needed to fill the future role. This should include mentoring (incl. external!), training, & delegating.
 - Identify CSFs and KPIs of programme.
- Execute
 - Put 4-5 hours a week in your diary to develop high potentials.
 - Use high-potential peers to boost the learning.
 - Bring high potentials to your network, communities, and meetings. Test their dedication.
 - Remove failing participants.
 - Monitor & manage delegation risks (e.g. sales accounts, relationships)
 - Monitor & improve regularly.
- Improve YOUR role.
 - Scale yourself one responsibility at a time
 - Identify how YOUR role is improving.
 - Redesign your role to focus on strategy and innovation.
 - Improve how you mentor others.

One you have your successor in place:

- Be clear on your vs. their responsibilities: don't micro-manage
- Support them. Don't over-ride them or undermine them.
- Be clear what you want from them. Are they simply delivering you growth and margin? What are the KPIs? Don't move the goal-posts
- Reward them adequately, including equity or options to tie them in. Once an employee is CEO of a boutique, their market value goes through the roof.
- Involve them in 'owner' meetings. Decisions about the company should involve the CEO.
- Being different is necessary. Just because you did XYZ, doesn't mean they should. The company is bigger and has new challenges.