

Thrivent
Rich Gove, MBA, CLTC®, CEPA®
701 Xenia Avenue South
Suite 550
Golden Valley, MN 55416
612-581-9475
rich.gove@thrivent.com
https://connect.thrivent.com/rich-gove

Training Successor Management

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Why should you be concerned about training successor management?

Many business succession plans focus on the succession of ownership but neglect to address the issue of management succession. Whether you expect the management team that will follow you to the corner office to come from inside or outside the company, you should consider training one or several people to serve as interim or successor management. This can serve multiple purposes. First, having trained successor management in the business can work into your short-term contingency plan established to cover your unexpected absence from the business (due to death, for instance). Second, trained successor management can serve as interim management during the transition period during and after your withdrawal from the business at your retirement, while your interest is being transferred after your death, or when you head out for that long vacation you have been yearning for.

Ensure the smooth transition of responsibilities

When you take a proactive position and train one or more people to assume management responsibilities, you can provide valuable coaching in the business itself and the industry in which it operates. You will be able to explain the nuances of running your business. If you plan to keep your business indefinitely, a successor manager can be groomed over a period of time leading up to your retirement or withdrawal. If you plan to sell your business, successor management can be invaluable during the transition period when ownership changes hands.

Where to begin

Evaluate candidates

You may want to evaluate all potential candidates and identify strengths and weaknesses. In evaluating potential candidates, you will need to identify the skills and traits that are required of the individual filling a specific role. You will also want to measure the extent to which any potential candidates currently possess certain skills in the areas shown in the table below. Gaps between skills needed and skills possessed indicate areas for training and development.

Skill	Description
Business competency	Competency skills and requirements will vary by business and competitive market environment and include technical and administrative skills
Business commitment	Commitment to the business is exhibited by a high energy level, high standards of excellence, and discipline
Personal character	Character is often demonstrated by integrity, high ethical standards, compassion for employees, and the trust of others
Leadership ability	Leadership skills include the ability to build teams and promote teamwork, adapt to changing business environments, develop long-term vision, and challenge others to succeed

Choose a successor manager or team

You may have decided already who will take over your company (e.g., your child). But what if your child is still a minor when you die or lacks the experience to assume the management role? You probably have one or more key employees in the business--those people who are instrumental in producing, marketing, or selling your product or service. Their knowledge and experience can be called upon and these individuals can be groomed to act as interim management should the need arise. If your child chooses a career path outside your business, your key employees might even become the buyers of your business.

Train successor management

There are options available for training successor management, as shown below.

- Formal in-house training program--Such a program could include specific goals and timetables for completion. Rotation among different areas of the company and increased responsibilities can provide exposure to all the aspects of the company. If your business is a family business, it is important to allow your successor manager the opportunity to develop leadership skills and to gain the respect of employees using his or her own abilities and talents rather than through family relationships.
- Outside development--If your child is your chosen successor manager, it might be a good idea to arrange for training outside of your business. Such a plan might include formal education in college or graduate school programs. Employment in another company can be valuable, as it allows the child to grow and mature outside the family business environment (and also make any early career mistakes elsewhere!).

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