

There is no cookie-cutter succession plan

By Michael Lamm

Special to Lehigh Valley Business

As a Mergers and Acquisitions Specialist, I advise many business owners regarding their exit strategies. I am also often asked to advise companies wishing to begin

the succession planning process.



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When it comes to succession planning, I begin by

pointing out the obvious. The first seven letters of the word spell “Success.” Whatever else the process of succession planning produces, the successful transition from one leadership team to another should be your primary goal. Following are a few key points to consider when planning a succession:

Succession planning is a journey, not a destination.

Don’t begin with a solution and backfill it with a rationale. Building a successful business is a deliberative process with many steps along the way. The same should be true of succession planning. Take time to consider your business’ present needs and work to anticipate its future needs. Identify people you judge best able to fill those needs.

Don’t be captive to tradition.

In a family business, there is every possibility the predictable choice may not be the right choice to lead your company into the future.

While the obvious choice may be a great son or daughter, he or she may not also be a great leader. If this is the case, don’t be afraid to make a difficult choice.

Be creative. Should you feel it best to pass over a candidate who expected to claim leadership of your company, work to determine a productive work-around. This is especially true in a family business, where lingering resentment is not a viable option. Identify that person’s skillset and help him or her to achieve their full potential. For example, ask that person to establish and manage a scholarship fund for inner city youth.

View your company through a prism.

Financial management, customer relations, community relations, building and property maintenance, sales management, service management and product knowledge are just a few areas of expertise needed to successfully run many businesses. While one heir may have the right personality to manage the front of the house, a second heir may be more comfortable running the back of the house. While one heir may be a savant regarding your company’s product line, another may be a whiz with financial management. See yourself as being a conductor who combines the gifts of all orchestra members to produce

beautiful music.

Succession plans should not be written in ink.

Circumstances change over time. People’s priorities change over time. Be prepared to change the names and lines on your succession plan as needed.

Embrace succession. It would be easy to view your company’s succession plan as an elegy for yourself. You could also view it as a constructive activity leading to your company’s rebirth. This is an opportunity to choose the right leader and leadership team for the present and future of your company. Your industry has changed since when you founded it. The competitive landscape has changed. Government regulations and compliance guidelines have changed. New leadership should be chosen based on its ability to succeed in this new environment.

Make a clean break. When Vito Corleone passes leadership of his crime family to his son Michael in *The Godfather*, he tells his former lieutenants to fully accept Michael’s authority. He doesn’t remain a shadowy presence, ready to muddy the water at every opportunity. This clean break enables Michael to fully inhabit his leadership role.

Give your successors permission to build their own teams. This will increase their likelihood of success. Legacy team members must be willing

to accept the authority of the new leader, or be given the opportunity to join a new team.

Choose your successor for the right reasons. Your most loyal deputy may score off the chart for fidelity, but below average when it comes to decision-making. If fidelity were the key attribute of a successful leader, then dogs would inhabit all corner offices.

Make grooming your successors one of your most important jobs. When President Franklin Delano Roosevelt died, his Vice President Harry Truman had a lot of catching up to do. Share your experience, knowledge and wisdom generously with those who will succeed you.

Plan for yourself. Maybe you want to start a new company. Serve as a mentor. Join a board. Assume leadership of your residential association. Start a blog. As a successful businessperson, you have a lot to give.

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