

Succession Planning

Basics of Succession Planning ([Back to Table of Contents](#))

Introduction

When key people leave a closely held construction enterprise unexpectedly, as in illness, or expectedly, as in planned retirement, some of the ‘essence’ of the organization is lost. A closely held company is defined at any given point in its development as **the sum and substance (S&S) of its experience** and almost all of that S&S is created by and resides in people, particularly and proportionately in its senior key managers.

Some of the S&S becomes institutionalized--such as: attitudes towards customers, work ethics, values, etc. because the key people have woven them into the “fabric” of the organization by example, mentoring and training. A portion of the S&S can be transferred from one person to another with deliberate and diligent effort--such as: customer relationships, union contacts, production and process knowledge, etc. However, a considerable portion of the S&S cannot be institutionalized, is not transferable and in spite of best efforts is forever lost to the organization when a key person leaves--such as: insights into business or project risks; the development of innovative process, policies and actions born out of years of company-specific experience; masterful hiring selections and solutions to personnel issues made with an ability to read between the lines or “hear” what is not said using an innate talent honed over decades; and much more.

The steps necessary to minimize the loss of S&S to the organization are generally referred to as a succession plan. They are:

1. Discovering, evaluating and delineating exactly what S&S is captured in a key person well before they leave the organization.
2. Determining which of these are truly institutionalized and outlining steps to be taken to assure that they are “in fact” firmly engrained into the “fabric” of the organization.
3. Identify the S&Ss that can be transferred to another person, determine who they should be transferred to and devise a methodology for deliberately and effectively transferring them over time—scheduling by-who, by-when. This usually takes three to five years depending on how senior the person leaving is.
4. Establish which S&S are not transferable and will be forever lost to the organization and minimize the resulting impact by recognition that the particular talents will not be applied to certain decisions. Realize that in each instance management will need to evaluate the impact the missing ingredient may have on the risks associated with the decision and attempt to compensate for the increased risk by introducing additional people into collaboration before making the decision.
5. Cultivate the same or similar talents, to the extent practical and possible, in the person(s) succeeding the key person who is leaving through a carefully developed and diligently pursued multi-year Professional Development Plan (PDP).

To accomplish the above it is best to have several years to enact the process for middle managers who leave an organization. Unfortunately there is often no notice when this level of person leaves as it is usually unexpected. For key senior management departures five years of preparation is appropriate. When there is uncertainty about when a person may leave such as: an

intention to retire in a non-specific length of time like two to three years; or sometime after five years; or depending on health issues; it is prudent to plan to the shortest time and if the person stays longer all the better.

The more senior the person or the greater the amount of S&S is presumed to be lost, the greater the effort and resources that should be applied to the succession planning.

For more detailed information about succession planning see Introduction to Succession planning.