

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

### **Introduction**

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 managers. When key people leave a closely held construction enterprise some of the ‘essence’ of the organization is lost.

Some 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 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 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:

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 metrology for deliberately and effectively transferring them over time. 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; Realization 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; and by introducing additional people into collaboration before making the affected decisions.
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 the organization. For key senior management departures five years of preparation is appropriate. When there is uncertainty about when a person may leave such 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.

### **Measuring Succession Plan Progress**

After several months into the succession plan it is appropriate to measure progress to. One method of self-evaluation and a measurement of progress by management is to use the following short questionnaire. Those intended to advance in their responsibility and those in training to do so will fill out the questionnaire. Below is a sample memo to managers who will be evaluated.

The company is investing heavily in assisting you to accelerate your growth to fill big shoes of those who will be retiring so please take the time to think these questions through. Your thoughts and feelings in each area are critical to the evaluation process and will form the basis for you and management to discuss changes or improvements to you professional development to accommodate your requirements. *(If a Professional Development Plan (PDP) has been created for this employee it would be mentioned here and the manager or consultant who developed it would be included in the evaluation. A sample Personal Development Plan can be found further in this section. This memo may include: "To be effective these plans were custom to your needs so evaluation of progress at this stage will influence on where we go from here.)* Please answer the following questions on a scale of 1 to 10 with one being little progress 5 being some progress and 10 being excellent progress. Feel free to add comments that you feel apply.

**Please return the completed form by**

1	2	3	4	5	6	7	8	9	10
Little progress			some progress				excellent progress		

\_\_\_ Progress in being introduced to client contacts

Comments:

\_\_\_ Your progress in establishing relationships with new clients

Comments:

\_\_\_ Your progress in managing and improving existing client relationships

Comments:

\_\_\_ Progress in being introduced to engineers

Comments:

\_\_\_ Your progress in establishing and improving relationships with engineers

Comments:

\_\_\_ Progress in being introduced to vendors

Comments:

\_\_\_ Your progress in establishing and improving relationships with vendors

Comments:

\_\_\_ Progress in attendance at association meetings, golf outings, vendor events, etc.

Comments:

\_\_\_ Progress in being introduced to union contacts

Comments:

\_\_\_ Your progress in establishing and improving relationships with union contacts

Comments:

\_\_\_ Your progress in understanding how to assign superintendents—what to consider

Comments:

\_\_\_ Your progress in understanding mobilizing and moving equipment effectively

Comments:

\_\_\_ Progress in Participation in regular ride-alongs with senior managers

Comments:

\_\_\_ Progress in interactions in field decisions to gain understanding of management's thinking

Comments:

\_\_\_ Progress in twice-a-month 2-hour training and Q&A sessions with supervisors

Comments:

\_\_\_ Progress in being included in interactions with candidates for employment, interviews and hiring

Comments:

\_\_\_ Progress in being instructed in production and process knowledge

Comments:

\_\_\_ Progress in being instructed in project risks

Comments:

\_\_\_ Progress in being instructed in hiring selections and solutions to personnel issues

Comments:

\_\_\_ Progress in being instructed in pre-bid evaluation, pricing and risk assessment

Comments:

\_\_\_ Your progress in understanding how to mentor superintendents

Comments:

\_\_\_ Your progress in understanding issues of micro-managing superintendents or projects

Comments:

\_\_\_ Your progress in managing moral and effective team building

Comments:

\_\_\_ Your progress in becoming a safety champion

Comments:

\_\_\_ Your growth towards understanding a company-wide view over consideration for just your area of responsibility

Comments:

\_\_\_ Your growth towards understanding the skills required to be an outstanding manager

Comments:

\_\_\_ Your understanding of areas you need to improve in—list in comments below

Comments:

\_\_\_ Your progress in knowledge growth through your PDP learning activities

Comments:

\_\_\_ Your progress in mastering negotiation skills

Comments:

\_\_\_ Relevance of the subjects included in you PDP to date

Comments

Include here subjects or activities you would like included in your PDP the future