



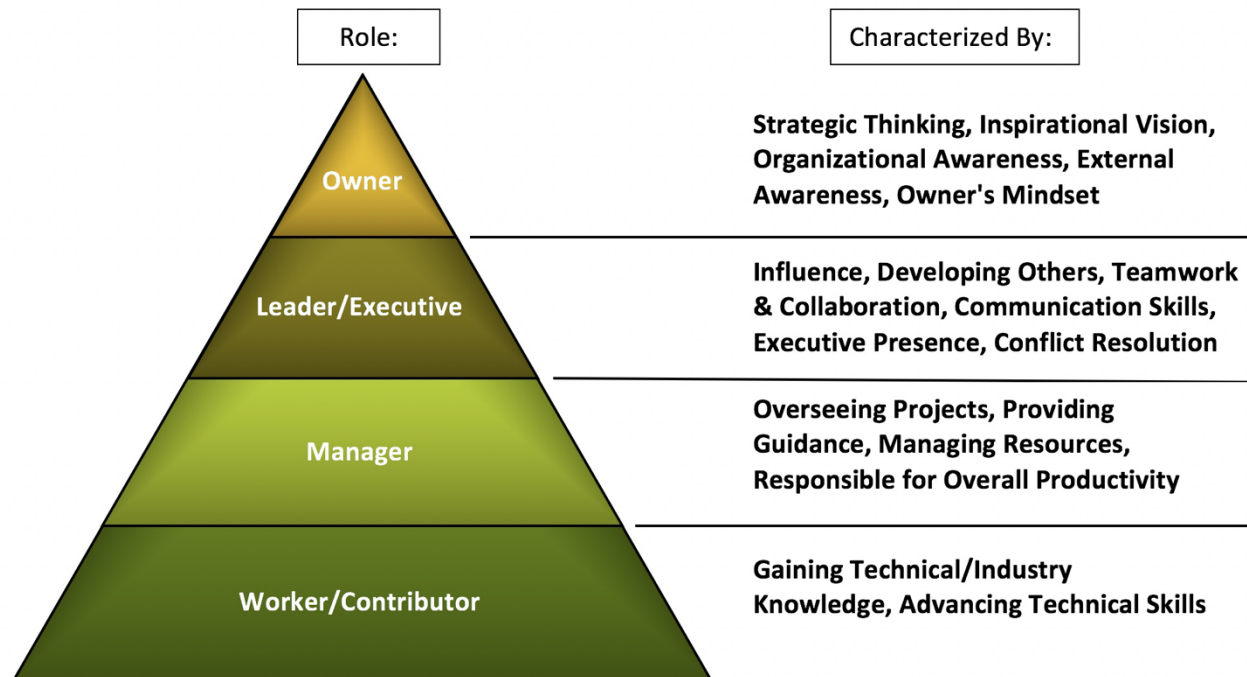
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Michael Beck International, Inc.
Portland, OR USA

The Four Stages of Successor Development

In order for a successor to successfully take ownership of a company and lead it into the future, he or she must transition through four stages of development. If a successor takes over a company and has only mastered the first two stages of development, he or she is doomed to fail, because they've only mastered the mechanics of the business. In fact, studies show that 70% of successions fail. If, on the other hand, a successor is effectively developed through all four development stages, growth and profitability are maximized, employee turnover and customer loss are minimized, and the owner gets paid the full value of the business.



Stage One: Worker/Contributor

This is the stage where a successor learns the mechanics of a business. In this stage, successors become good at getting the work done. It's about gaining knowledge of how the products and services of a business are created and delivered. Competencies in this stage involve acquiring technical and industry knowledge, along with improving technical skills. Improvement in this stage comes from technical training and hands-on experience.

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Stage Two: Manager

This is the stage where a successor learns how to get work done through others. He or she learns to oversee projects and manage resources. Although they may still be doing some of the work themselves, their main tasks are to provide guidance to others and to have responsibility for overall production, productivity, and quality. Improvement in this stage comes from things like project management training, general management training, and hands-on experience.

Stage Three: Leader/Executive

This is the stage where a successor learns to lead rather than manage. It's the point where people skills become more important than technical skills and knowledge, and an entirely new set of competencies comes to the forefront. In order to be an effective leader/executive, a successor must improve his or her communication skills and learn the art of influencing others in order to get buy-in for their plans and ideas. They must learn to foster teamwork and collaboration along with the ability to resolve conflict in a constructive manner. Additionally, a strong leader appreciates the need to develop others and masters that ability. And finally, in order for a successor to be effective as a leader, he or she must begin to enhance their executive presence. Having executive presence is the ability to project mature self-confidence, to project a sense of being able to take control of difficult situations, and to project the ability to make tough decisions. A leader with good executive presence is better able to instill confidence, build trust and earn respect.

Improvement in this stage does not come from training. A person cannot become a better leader by simply reading a book. It requires the breaking of old habits and forming new ones. It requires the revealing of blind spots and limiting beliefs. And it requires a deeper understanding of human nature. These competencies are best honed through coaching and mentoring - all of which take time.

Stage Four: C-Suite/Owner

This is the stage where a successor learns how to lead an organization. It's the stage where seeing the bigger picture becomes their job. In order to do this, he or she must hone their strategic thinking - moving beyond developing tactics to developing directions for the company that address fundamental problems or capitalize on opportunities. And it requires sound judgment in order to make good decisions. A successor at this stage must be able to develop a vision for the organization and have the ability to gain buy-in for that vision. In order to achieve that, he or she must have both organizational awareness and external awareness, looking beyond the confines of the company. The final piece in this stage is for the successor to develop an owner's mindset. Up to this point in their career, most successors have only ever been an employee. The reality is that owners see things differently than employees. In order for a successor to shift from an employee mindset to an owner mindset, they need to change their perspective from short-term thinking to long-term thinking, from self focus to organizational focus, from internal focus to external focus, and from narrow/silo thinking to big picture thinking. Improvement in this stage is developed over time and occurs through coaching and mentoring.

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Strategies for Successful Development

For purposes of this article, let's assume that the successor has successfully mastered the first two stages of development. In other words, they've gained strong knowledge of the technical aspects of the industry and have gained experience managing projects.

In order for a successor to master the second two stages, he or she must be coached and mentored. If the owner takes on this task, they must adopt a "coach-like" style of leadership. This is a style that helps people grow and develop. The most effective means of coaching is to ask questions rather than give answers and these questions fall into two categories. The first set of questions gives us insights into the other person and the second set of questions allows us to give the other person new insights. The only way to know what questions to ask in order to give them new insights is to first discover where their thinking, judgment, and/or perspective is incorrect. That's what the first set of questions accomplishes. This coaching will help them develop the necessary leadership competencies, strengthen their executive presence and improve their ability to think strategically.

The owner must also mentor the successor. This is done by allowing the successor to make increasingly difficult decisions. Only by guiding their thinking can a successor's judgment be honed. Start with allowing them to make decisions that aren't critical. In other words, a misstep won't harm the company. As their judgment and thinking improves, have them participate in decisions which have greater impact.

The owner must also share the mistakes they've made in the past and the lessons learned over the years. Many times, lessons learned are not self-evident.

The Bottom Line

In order for a successor to effectively lead an organization into the future, they need to transition from contributor to manager to leader and ultimately to Owner. It is essential that development does not stop at mastering the mechanics of the business.

If you'd like help assessing and/or grooming your successor, please contact us. Our conversation can help determine the readiness of your successor and whether our services would be a benefit to you.

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