

Thinking About Succession Planning

If you haven't been thinking about succession planning, the bottom line is that you should be. In the February 20, 2019 Divestopia article, "[All Companies Need to Look at Succession Planning](#)," author Brad Cherniak examines the importance of succession planning. Owning and/or operating a business can be a great deal of work, but it is imperative to take the time to develop a succession plan.



Succession Planning is for Businesses of All Sizes

Author Cherniak wants every business owner to realize that succession planning isn't just for big businesses. Yet, Cherniak points out that the majority of small-to-medium sized businesses, as well as their senior managers, simply don't focus much on succession planning at all.

Many business owners see succession planning as essentially being the same as exiting a business. Cherniak is quick to point out that while the two can be linked and may, in fact, overlap, they are by no means the same thing. They should not be treated as such.

Following an Arc Pattern

Importantly, Cherniak notes, "Succession planning should also be linked to your strategic planning." He feels that both entrepreneurs and business managers follow an arc pattern where their "creativity, energy and effectiveness" are all concerned. As circumstances change, entrepreneurs and business managers can become exhausted and even a liability.

The arc can also change due to a company's changing circumstances. All of these factors point to "coordinating the arcs of business," which includes "startup, ramp-up, growth, consolidation, renewed growth and maturity," with whomever is running the business at the time. In this way, succession

planning is not one-dimensional. Instead it should be viewed as quite a dynamic process.

Evaluating Each Company Individually

Cherniak highlights the importance of making sure that the team matches the needs of a company as well as its stages of development. Who is running a company and setting its direction? Answering these questions is important. It also is of paramount importance to make sure that the right person is in charge at the optimal time.

Companies and their circumstances can change. This change can often occur without much notice. As Cherniak points out, few small-to-medium sized businesses focus on succession planning, and this is potentially to their detriment.

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