



CASE STUDY

# Solving the Succession Challenge

Solutions are sometimes closer than you think.

## Challenge

A few years ago, BEI Exit Planner David Jean asked us to help a small local client. The client had about 30 employees, \$6M in annual revenue, and was owned by a husband and wife team. The husband was the licensed electrician who estimated and completed the work, which transitioned into the CEO/COO position. His wife kept the books which transitioned into essentially the CFO role. Although neither had any formal training for their roles, they had done very well over the past 50 years.

David's client felt they needed to hire a senior person who could become their new CEO and ultimately assume ownership so they could retire. He called STM because he knew us as recruiters. In our initial meeting with David and the owners it was clear they felt none of their employees were interested or capable of running their business. Many individuals on the senior team were of retirement age, like the owners, and most of the employees were entry level, too young, or unmotivated to own or operate a company.

## Solution: Culture & Management Study

We believe *effective leaders know themselves and their people* and in order to help our client, we need to know the client, their management style, communication style, beliefs, and worldview. In short, we need to understand their culture and what it takes for a new hire to best fit that culture. We call this our [Culture & Management Study](#). It combines individual assessments of the senior management team and potential next generation managers being groomed for leadership or ownership. The result is a candid and specific description of the organization's culture.

## Follow-up from the Study

Once our client's Culture and Management study was complete, we reviewed it with the current owners, answered their questions and sharpened our conclusions so we had a clear direction towards the next steps. In this case, the idea was to use the information from the study to construct advertisements, screening questions, and set a benchmark against which to measure potential CEO candidates.

## Key Takeaways

- Utilizing our Culture & Management Study we efficiently identified potential successors within the organization
- We were then able to narrow the candidate pool quickly to a single standout candidate
- Because there was no recruitment endeavor, the client saved time, money, and headaches
- Because the candidate was well-known and well-liked by managers and employees, the transition has been smoother.

Of the eight employees we assessed, we advised the owners that four had assessed well as leadership candidates. The owners noted that two of those employees had no desire to own the company because they were also getting ready to retire. They were unsure about the other two candidates, but pleasantly surprised by our conclusion. One of the candidates had been hired a couple of years before, the owners didn't know her that well, but she had been hired and assigned to a project "that was heading south". This employee, Sarah, had done a great job on that project. She had turned it around and made it into a profitable and successful job. Since then, she had consistently done a "good job" on other projects she had been assigned.

We presented the findings of the Culture & Management Study to everyone who took the assessments and also explained why we had performed the study. We followed up by offering interviews with everyone assessed, in order to answer their questions, discuss any concerns they might have, and make sure everyone was onboard with a recruiting effort and the future of the company.

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## Interviews

The interviews confirmed what the owners believed, three of the four people who assessed well for ownership, were either planning to retire or were simply not interested in taking on more responsibility. The fourth employee, Sarah, was a different story altogether. As she sat down at the interview table, she said, "I've been talking to my husband about buying this place." After a thorough interview with ourselves and David, the BEI Exit Planner, we brought the owners in to review our morning's work. The owners felt they didn't know Sarah that well and were cautious about embracing our results.

## Results

After more assessment work and discussions between the owners and Sarah the decision was made that we didn't need to launch a recruiting program—the client already had their potential successor on the payroll! This saved the client time and money, and they got the best possible result—Sarah was already employed by the company, she had proved herself by turning around a failing project, and doing a "good job" on other projects. Sarah was well-known and well-regarded by her fellow employees, so there was already good chemistry among all the participants.

## Follow-up

The transition process continues, three years on, the same players in place. The key message here is that the recruiting process might have turned up a good candidate, but it would have taken months and could have upset people on the senior team. One could imagine early retirements, and a potentially very disappointed Sarah who might have quit to look for another opportunity—how unfortunate it would have been if no one had realized a perfect candidate was already employed by the company. In short, none of this would have happened without an assessment of the key players and the development of an in-depth Culture & Management Study. Strategic Talent Management delivered our solution for a fraction of the original recruiting estimate, and we can do the same for you!

## To add this new tool to your exit planning process contact:

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