

PREPARING YOUR BUSINESS FOR THE FUTURE

A GUIDE TO SUCCESSION PLANNING

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THE IMPORTANCE OF SUCCESSION PLANNING

Effective succession planning is a company's insurance policy for sustainability and stability. A good succession plan means there'll always be talented and trained employees who can take over if key personnel leave and keep your business moving forward.

All businesses need to be ready to respond to employee departures, both planned (like retirements) and unexpected (like career changes). Replacing key personnel can be a time-consuming and frustrating process that often takes far longer than a business might expect. Therefore, the key objectives of any succession plan are to:

- Ensure leadership continuity and a pool of talent ready to assume business-critical positions
- Develop and communicate leadership competencies for key positions
- Guide the development of key employees
- Engage senior management regarding the sustained development of key positions

If you are new to succession planning or are just beginning to explore the idea of implementing a plan, our guide provides proactive steps a business can take to develop a succession plan.



* Zen Wealth
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1 UNDERSTANDING YOUR SUCCESSION NEEDS

It's important to start succession planning with a very clear idea of your end goal. Understanding the purpose of a succession plan and what it specifically means for your company will lead to a more careful and thorough plan that will help you manage change when it's required.

Your succession plan needs to reflect your business objectives and goals and be an essential component of your overall strategy. So, before you implement a succession strategy, you need to understand several things: what kind of people and skills are key to your success, how this might change in the future and how you intend to attract, retain and build valuable skills. This will help you to identify your priorities and highlight where the gaps are in your succession planning process.

A good succession plan is an investment and should consider:

Business planning – Understanding your strategy and the skill sets that will be required are critical. You need to determine where the company is going and what the right skills are for now and in the future to best achieve business success.

Workforce planning – Identify the roles that you need if success and progress is to be achieved and ensure that your plan is integrated with key HR processes (i.e. hiring, training & development, performance management)

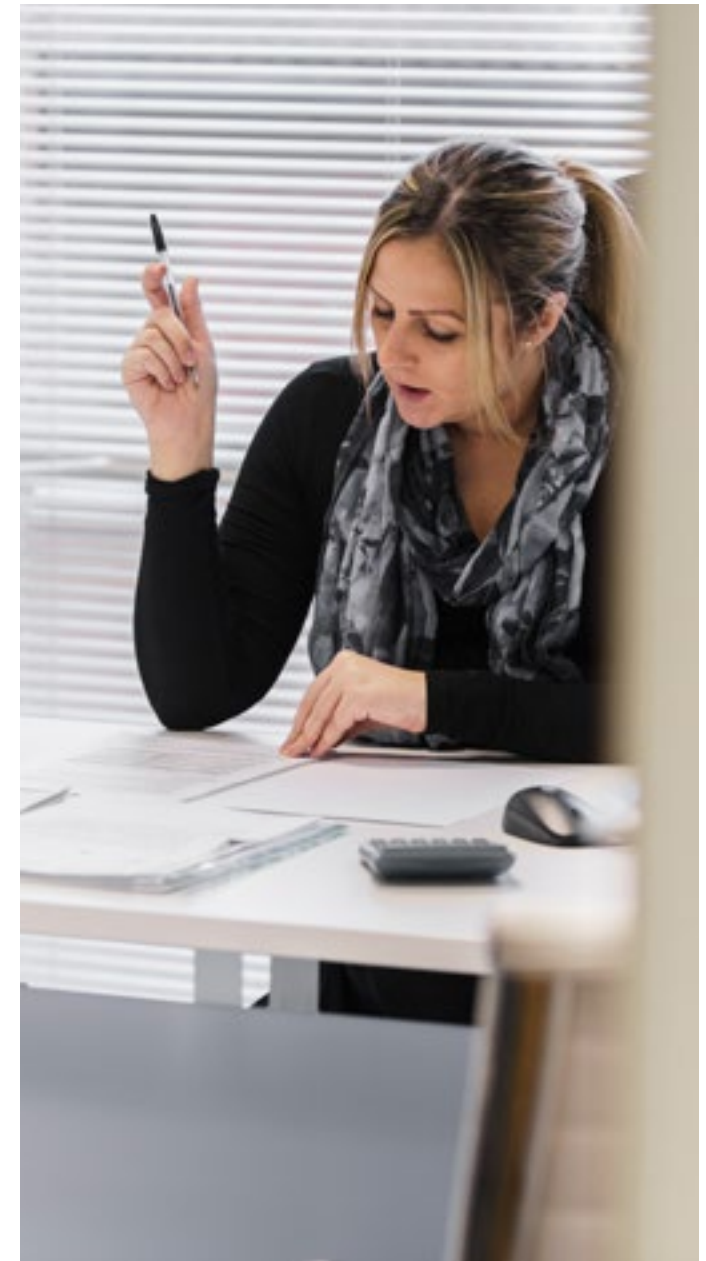
Identifying talent and recruiting high-potential people – Ensure that your recruitment and performance management procedures are effective to ensure that you appoint individuals with the necessary skills and potential to progress within the business.

Balancing hard and soft skills – Soft skills and personal attributes are often more important in determining success than more traditional hard skills or technical abilities. It's therefore important to get the balance right between leadership development and your technical requirements, which can address real business challenges.

Development programmes – Potential successors should have access to structured developmental opportunities that involve competencies for identified positions (i.e. behaviours, knowledge, skills, abilities required to achieve business performance).

Career paths – Introduce performance management and appraisal procedures for all employees so that they have an identified career path and that their talents and aspirations are recognised.

Accountability and responsibility – Your succession plan needs to be communicated effectively and belong to the whole business, not just board members, senior managers and HR. Ideally, senior management across all business units should be encouraged and supported to identify talent among their staff members.





2 EFFECTIVE SUCCESSION PLANNING

For succession planning to be effective, there has to be a clear process. Taking the following steps will help to identify the potential of individual employees as well as their capability and competencies required to fill key roles in the future.

Create a formal process – In order for succession planning to achieve its purpose, there needs to be a formal process to establish the steps, policies and procedures to select next-in-line leadership and identify potential employees.

Plan across all business areas – Succession planning used to be for executives, but you shouldn't overlook people in other key positions. It's important to have more than just a CEO, future leaders or senior manager's succession plan. Make sure you include business-critical positions too.

Assess key talent – Determine who can fill positions and conduct gap analysis to identify the difference between current skills and those needed in the future. Mentor individuals and pay attention to their learning and development. Performance reviews are a good starting point. Conduct surveys if needed.

Think about what your employees want – Not all of them will agree with your plans to place them in the position you have in mind. They may have other plans. Talk to them about their career goals before critical positions become vacant. Otherwise, you may have to start looking for a successor from scratch once someone leaves.

Build an appropriate training plan – If employees gain a lot of skills, there's a good chance they'll be able to advance to critical positions. Try to train employees for future roles alongside their current role as well as mentoring, job rotation and project-based experiences to foster a culture of continuous learning and development.

Communicate effectively - Communicating plans ahead of time will have a positive impact on employees. Employees (and potential employees) will see you invest in talent and trust and loyalty will be enhanced. It may also help morale, as there will be less reason to worry about what happens if someone leaves the business.

Look at external opportunities – While a large business may have a wide range of internal choices to fill positions, smaller companies may sometimes need to look further afield to build their talent pipelines.

Create an emergency succession plan – Although you can anticipate and plan for retirement and promotions, people may leave their positions unpredictably. In these cases, replacement plans can help. They don't require training plans or talent pipelines like succession plans. So, it's important to identify employees who can step in and act as interims until you find a successor.

Re-evaluate – The process of succession planning is ongoing and requires change to ensure that they meet current and future skills and capabilities that are closely aligned with evolving business priorities.

3 THE IMPORTANCE OF TALENT MANAGEMENT

In an increasingly competitive landscape, businesses recognise that they must have the best talent in order to succeed. Companies that focus on developing their employees will ensure that the right people, with the right skills are in the right place, and that these people are engaged and focused on the right activities to achieve results.

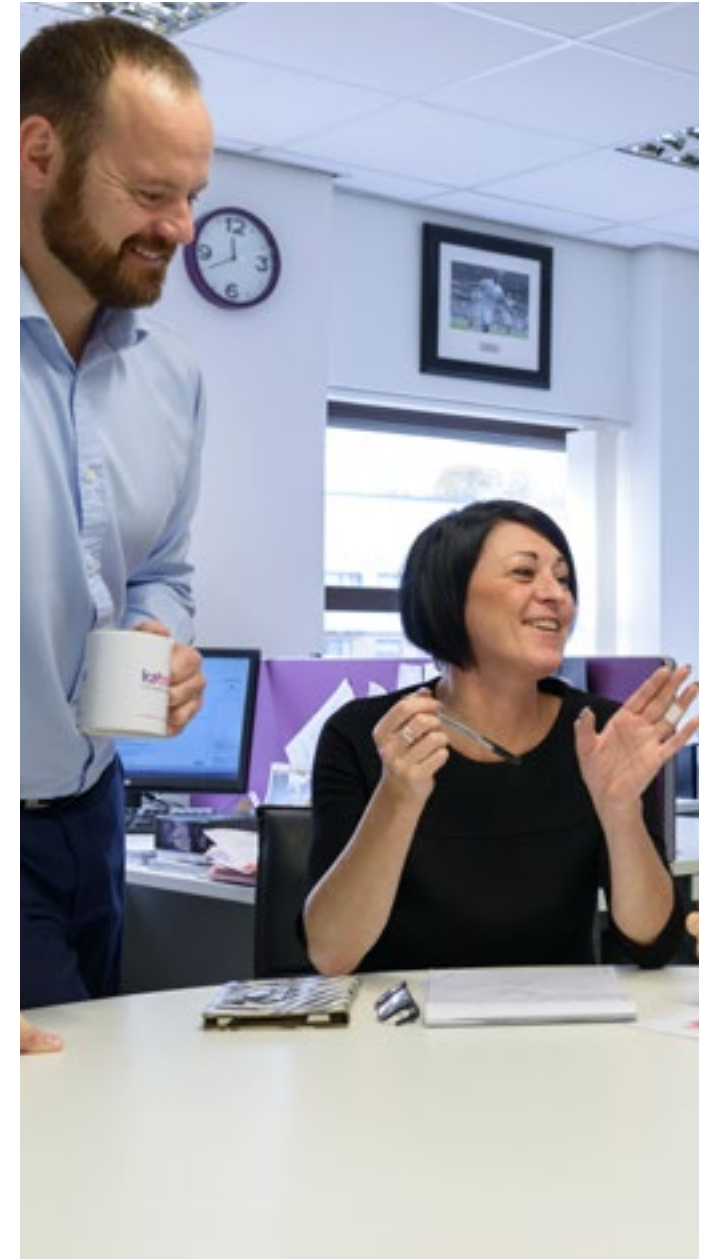
Talent management involves a more individual, targeted and differentiated approach to development. In this respect, succession planning should drive talent management and be integrated. Without a planned and deliberate approach, a business may find themselves unable to provide services and products to the level or at the quality expected, should key employees leave.

Every business should fit its approach to talent and succession management with its own particular business needs, culture and employee capabilities. The combined processes are important because they:

- Protect operational requirements
- Ensure maximum contribution of high potential employees
- Support the development and growth of employees
- Ensure greater engagement
- And offer a range of learning and development opportunities

Rather than a general effort to provide broad training for all employees, talent management requires specific, competency-based training to develop high potential employees into critical positions. This process ensures the right employee is ready to assume the right role at the right time. The main aspects to consider are:

1. Identifying critical positions and key competencies to ensure that your business has the ability to meet its strategic goals and support objectives, now and in the future
2. Assessing your employees to identify people who have the ability and potential to fulfil roles
3. Developing aligned succession planning and talent management policies and procedures
4. Creating development plans that you can use to progress potential into high performers
5. Evaluating your employees to ensure you have the right skills, in the right place



SUMMARY

With careful planning and preparation, businesses can manage the changes that result from a transfer of leadership as well as the ongoing changes that occur regularly when key employees leave. Having a defined succession plan in place improves the chances that the transfer of key personnel will be a successful one. To ensure the continued smooth running of your business, all companies – whether big or small – need to identify and grow talent to fill their business-critical positions in the future. Succession planning isn't a static event and must be continuously evaluated and improved to ensure you are fully prepared and that it is working in the best interests of your business.

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