

2019

DBE Succession Planning Toolkit



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Disadvantaged Business Enterprise
Supportive Services Center | Succession
Planning Toolkit

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Disadvantaged Business Enterprise Supportive Services Center Succession Planning For The Small Business Owner

Goal of DBE Succession Planning Toolkit

DBE Succession planning is future-focused, and supports DBE firms in assessing firm leadership, evaluating, and developing a pool of talented individuals who are willing and able to fill critical positions. DBE Succession planning is a process to assist DBE business owners in identifying and capturing necessary institutional knowledge that may be lost due to retirement, promotion, and general attrition. DBE Succession planning is a tool to meet the necessary staffing needs of an agency, taking not only quantity of available candidates into consideration, but also focusing on the quality of the candidates by addressing competencies and skill gaps.

DBE Overview

List the guiding principles that steer the development and direction of the succession plan. Guiding principles represent a broad philosophy that guides the organization throughout its life in all circumstances, irrespective of changes in its goals, strategies, type of work, or the top management filter for decisions at all levels of the organization.

Common Succession Planning Objectives

To ensure success of any succession planning effort, the main objectives should include the following:

1. Identifying significant business challenges in the next 1-5 yrs;
2. Identifying critical positions that will be needed to support business continuity;
3. Selecting the competencies individuals will need to be successful in positions and to meet identified business challenges;
4. Developing a pool of talent to step into critical positions; and

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Reviewing potential position vacancies and capturing the knowledge that individuals possess before departing the agency

Identify the key positions which are the focus of the succession program and the rationale for prioritizing these positions. A key position is a position whose decision-making authority and related responsibilities significantly influence organizational policies, strategic goals, business operations, or mission-critical projects. A key position can be a managerial position or a highly specialized individual contributor position. (ex: A director's Executive Assistant may be deemed a key position if the incumbent has vast institutional knowledge).

Leaders as Supervisors: _____

Leaders as Managers: _____

Leaders as Executives: _____

Describe the organization's process and rationale for determining the program components.

Methodically Choose Your Successor

1. Have you identified competencies, skills and institutional knowledge that are critical success factors?

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2. Have you identified critical positions and highlighting potential vacancies?

3. Have you engaged executive and senior leaders in the succession process?

4. Have you identified critical positions that will be needed to support business continuity?

5. What would success in this endeavor mean to you?

6. What unique institutional knowledge or relationships are inherent to the success of the new company?

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7. Have you selected the competent individuals you will need to be successful in positions and to meet identified business challenges?

8. Managers and executive leadership play a key role in creating access/removing barriers to key assignments and providing honest feedback along the way.

Have you identified these individuals: _____

9. What are **your** long-term career goals over the next 3–5 years? Describe how your long-term goals fit in with the goals and priorities of your business?

10. What shifts in current priority or workload can you accommodate to ensure that employees have bandwidth to pursue development opportunities?

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Action Plan

This appendix relates to the Initiatives section of the plan.

Outline the initiative to be carried out, identify who is responsible for coordination and implementation, the date in which implementation should be completed, and SMART goals to describe how each initiative will be assessed. The action plan is included as an appendix because it lends itself to continuous updates/change. In this way you will not have to update the entire plan. (Add rows to the table as needed.)

<u>Initiative</u> What is the name of the initiative?	<u>Responsible Person(s)</u> Who is responsible for overseeing successful implementation of the initiative?	<u>Performance Indicators</u> How will we know we achieved our goal and what will success look like?	<u>Due Date</u> When will it be completed?
Company-wide Initiatives			
Staff to Leadership Initiatives			
Leaders as Supervisors Initiatives			
Leaders as Managers Initiatives			

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Leaders as Executives Initiatives			

Chief Executive Officer Signature

Print Name

Date

Human Resources Director Signature

Print Name

Date

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Miscellaneous | Ensure Your Shops Survival | Plan Properly

1. **Failure to obtain the proper valuation of the business.** Because it is important to know what the appropriate sales price or inheritance value of a business.
2. **Failure to take the time to address whom will be on the succession team.** This often involves a tough analysis of whether family members have the skill set to run the business.
3. **Failure to integrate your business succession plan into your estate plan.** Many small business owners think that they can simply leave the business to their spouse or heirs when, in fact, the business comprises virtually all of their net worth. By leaving the business to one person, you've excluded all other heirs from inheritance.
4. **Failure to identify key employees who may have concerns with your succession plan.** Ensure key employees remain with the business during any succession transfer by sharing your plan with them.
5. **Failure to diversify the business owner's net worth from the business as a whole.** Many business owners hold virtually all of their net worth in their business and find themselves in a difficult situation in a business downturn.
6. **Failure to plan for contingencies.** If you've decided to leave your business to an adult child, what will happen if that adult child predeceases you?