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## Leadership and Management Transition Succession Planning Requires Focus on All of the Details

**Change is inevitable.** Even the most seasoned and experienced business leaders must face the fact that at some point, the torch must be passed to the next generation of leaders. Business succession is a multi-faceted and complex process that must simultaneously focus on ownership succession, management succession, strategic planning for the business, estate and financial planning for the retiring owner, as well as the attendant tax consequences facing both the business and the owner.

Changes in managerial teams can often result in major shocks to employees, as well as the stakeholders in the supply and distribution chain of the goods or services a business offers. Embracing a formal and well-communicated succession planning process signifies that current leadership is interested in the long-term development of the business. Investing the time and effort in the process enables the smoothest possible transition, giving employees peace of mind, and offers workplace stability. A well conceived plan will also inspire confidence in customers, clients, suppliers, vendors and the community-at-large knowing that the company will continue functioning even after the departure of the current leader or leadership team.

Whether your succession plan involves a transition to family members, key employees, or a sale to an unrelated third party, developing superior employees for managerial and other key positions is an essential element of succession planning. Here are some of the most important steps to follow:

- Identify the managerial positions for which you will potentially need a successor.
- Identify the talents and competencies of your employees.
- Get senior leaders involved in the process.
- Analyze external sources for potential talent for continuity and efficient succession planning.
- Commit to internal talent development through further qualification and mentoring.
- Choose relevant measuring metrics and turn performance evaluation into a long-term process.
- Establish strategies to recruit and retain talented employees.
- Implement strategies to maintain commitment and senior level loyalty.



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Most successful business owners are familiar with the grim statistics surrounding the success (or more commonly, the lack thereof) of the transition of a business from one generation of owners and managers to the next. Identifying and cultivating the talent necessary to lead the business into the future will certainly give you an edge. And while succession planning is not an exact science, a process oriented approach utilizing the skills of your allied team of professional advisors will undoubtedly improve your chances of a successful transition, and are worth the time, effort and investment.