Avoid These Pitfalls: 9 Common Missteps That Can Kill A Transition Plan

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By Sandy Blaha

The tenets of healthy living are rote by now: Eat plenty of vegetables, lift weights, get regular cardio exercise, reduce stress.

Managing the life of your own firm – let alone helping your clients prepare for the next stage of their business' lives – gets a little more complex. Agents who can do so, however, become more valuable to their clients, and, for their own agencies, help assure not only their legacy, but the ability to work at their businesses in the best, most desired, and most productive manner.

Transition and exit planning need not be complicated, but just a few missteps can throw the best intentions out the window. So if you are thinking about, and planning for, the next phase of your or your client's business, here are the key potholes to avoid.

1. I've (not) got a plan

You may have heard it before, and you'll hear it again. Without a planned approach to leadership transition, it's difficult – if not impossible – to benchmark and measure accountability. With a plan, you can start clarifying your management and leadership expectations.

During transition times, a company's leaders need to communicate the changes taking place. They need to communicate more, and more effectively, than many have ever done before. That often means operating more formally than ever before, too – all of which requires a plan.

2. Scattered focus

Commonly, entrepreneurs, owners, founders, presidents, and primary rainmakers are used to multi-tasking and moving in different directions. When it's time to change leadership, the ability to slow down, free themselves of some day-to-day operational work, and focus on the tasks at hand becomes critical.

Business owners need to focus time and energy on management and mentoring. They need to make sure they are available, and able, to teach and train identified key people to become the leaders they need. Often, this means bringing in an expert to assist – and an outside, trusted advisor who can tactfully bring this to the owner's attention.

3. There's no one else

"No one can do it as well as I do." That's a correct statement. No one has more experience or more expertise at what a business does than its owner. That's exactly why that owner is now needed to serve as manager, trainer, and mentor (see # 2), giving the next generation of leaders the chance to practice.

Patience truly becomes a virtue for owners in transition. No one will complete a task exactly as they do, and chances are good no one else will do it as well the first few times. Owners need to learn to leave room for mistakes. While most people won't get it perfect the first time, they may be pleasantly surprised at their growth.

4. Refusal to get out the way

No one can know what it's like to walk in a business leader's shoes if he or she doesn't move out of the way! When leaders step out of their shoes and let others step into them, they can empathize with the difference between founding a company and following in someone else's footsteps.

5. Inability to identify true leadership

Not all followers are leaders. As businesses of all sizes enter the transition process, they must look carefully at the entire field of high-potential people, including some of the youngest employees. Remember that it is unusual for only one person to replace one founder. Those who become experts at recognizing good leaders, and then give them the opportunity to try different elements of leadership, will find success.

6. Maintain the old network

With the average age of a business owner standing at 59, many business contacts will be retiring at the same time. While it is important to introduce and pass on contacts, it's equally important for owners to encourage up-and-coming people to develop their own as well. Encouraging key talent to enroll in city or chamber of commerce leadership programs, take appropriate classes, and participate in other networking venues will pay off for the business.

7. Forget to bench

A common pitfall in transition planning occurs when owners exclude benchmarking in leadership transition strategy. Job competencies, along with principal peer evaluations, should be in line for benchmarking so that every business owner can understand, see, and measure his or her firm's progress during this critical time.

8. Hesitate

The "hesitation rate" refers to the shift in power, authority and responsibility. Don't let it bite! The next-generation team needs to choose each other. Transition business relationships so the next generation can lead business development. That means not giving up clients the business has had for 20 years, but being able to hand off new business relationships to key people.

9. Get out of alignment

Just as a car needs proper alignment to run smoothly and efficiently, a leadership team must have alignment. Without a clearly articulated shared vision for the future, the firm's message sent will be diffused and confusing. Result? Lack of trust in the leadership team, divisions, wasted time, and the inability to attract and retain the best personnel.

Be sure the new leadership team has the ability to resolve conflict, is armed with an integrated shared vision, and believes in each other.

There's no doubt that the transition road can be a bumpy one – but companies that develop a pathway for transition succeed 98 percent of the time. By taking a few proactive steps, it is possible to navigate the road more smoothly.

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