

SUCCESSION PLANNING - DEVELOPING A SUSTAINABLE HERITAGE FOR YOUR COMPANY

No self-respecting parent would dream of sending a child into the world without equipping him or her with the requisite life-skills. In a sense parenting represents a development strategy spanning two decades or more, with careful consideration being given to the child's every need - physical, emotional and educational. This is accompanied by the necessary parental guidance, with the aim of ensuring future self-sufficiency and overall well-being.

A company or business similarly requires a purposeful investment in its leadership cadre to ensure that it can sustain itself when the centre of control changes. Yet research indicates that the critical practice of ensuring that the company is sufficiently prepared for a change, or sudden loss of leadership, is still not receiving the attention it deserves. With the ever-increasing pace of change and the prevalence of mergers and acquisitions in a highly competitive business environment, Succession Planning (SP) and Succession Management (SM) are critical to corporate health, wealth and survival.

As an affirmation of their strategic partnership in promoting responsible business practice, the Proudly South African Campaign, together with CGF (Corporate Governance Framework) Research Institute (Pty) Ltd, a strategic partner of Proudly South African, have again joined forces to sensitise businesses on the importance of SP and SM in ensuring sustainable business development and growth.

"In a volatile global environment, including the increased scrutiny placed upon corporate governance business practices worldwide, turnover of business leadership is faster than ever. Yet many businesses fail to incorporate SP as part of their overall business strategy and risk management", explains Terry Booysen, CEO of CGF (Corporate Governance Framework) Research Institute (Pty) Ltd.

"Instead they focus primarily on leadership development, leaving the company and its staff extremely vulnerable when a prominent director or senior manager leaves the company, especially when this happens with little and in many cases with no prior warning. Succession Planning should be a constant agenda item at the Board, more so to proactively protect the company against sudden or unexpected changes within its executive leadership ranks, or even other strategic posts, for example the company's top strategist or scientist. This imperative must involve the Board of the company and commence months or, preferably years before the time arrives to replace the current leadership", he elaborates.

"The ability of businesses to survive; to grow and prosper and contribute to sustained economic growth is vital to our country's socio-economic development. Small or family-owned businesses are considered to be the dynamos of our economy, making a substantial contribution to job creation and sustainable growth. Yet they are also particularly vulnerable in terms of leadership loss. To ensure that companies flourish and leave a firm heritage for future generations, it is imperative that businesses, big and small, consciously plan for and manage their leadership succession," says Manana Moroka, CEO of Proudly South African.

SP and SM are not only imperative in terms of responsible business practice. Companies that have made the effort to introduce effective SP measures and policies are sure to reap the benefits in terms of greater stakeholder and shareholder value, appeal and confidence – clearly representing a competitive advantage.

This newsletter has been supplied courtesy of CGF Research Institute (Pty) Ltd, a strategic associate of BarrySpitz.Com World Services.

A PowerPoint report covering this topic can be purchased through CGF at www.cgf.co.za
