



THE SILENT KILLER OF FOUNDER OWNED BUSINESSES

D. Scot Hunsaker

We have a silent killer in the entrepreneurial world.

We don't talk about it very much, but it can put an end to a lifetime of hard work and planning.

Owners take risks and sometimes withering criticism as we start a business, because we believe in what we and the business could accomplish in the world. Then, over time, we build a thriving organization. It hums along, makes money, benefits everyone involved, meets customer demand, and helps the community grow and prosper.

All good so far.

But then we decide to make our exit, or the decision is made for us by health or family issues or other business interests. So, now what happens? Well, at least two thirds of the time, the business ceases operations, with all of the collateral damage that does.

It happens because we never transition the company to the next generation of leaders, not because we don't know how, but because we never get around to it. As CEOs and entrepreneurs, perhaps we think it will never happen to us, that maybe we have discovered the fountain of youth. A recent Wall Street Journal/Vistage poll showed that half of all business owners say that they have a succession plan, but only 25 percent have actually put pen to paper and written it down. I would contend that if you haven't written down your succession plan, you don't really have one.

It doesn't have to be this way. There are ways to successfully transfer the institutional knowledge and business savvy to the next generation and have them take the business even higher. I know it's doable because we did it at Counsilman-Hunsaker Aquatic Design. We had to be proactive. It meant facing the reality that this thriving global business that was launched by my father and his partner many years ago had a finite shelf life unless we figured out how to find the next generation of leaders and get them up to speed.

So, how do you do it?

Create Authentic Conversations

Like most things in life, the way forward begins with dialogue, honest and transparent conversations where everyone can feel comfortable expressing their opinions and views.

Think of your company as a beach ball where everyone in the company sees a different side. That means that everyone will come to the table with their particular view of the organization firmly in mind. The important part here is to proactively plan these conversations rather than hoping that they will happen organically. What happens once everybody is in the room will work itself out and yield results, primarily because they are there in the first place and it's a safe environment created by the owner and the current leadership team.

For this to work and be its best, your people will need access to information. All of it. And to make that happen I would suggest a corporate dashboard. Usually a dashboard like this provides only historical financial information. That's not enough info for your people.

This tool needs to be a guide to where you are going as an organization. Where will we be in a month? Two months? Six months? A year? How will we deal with the challenges and issues we will face going forward? All of that kind of intelligence sets up a truly authentic conversation that can help your future leaders figure out the way forward.

Take a Snapshot of Your Workforce

The second tool I would use is one that will help you better understand and get to know your workforce: an employee survey. How engaged are your employees? According to a Gallup Organization survey in December of 2017, 85 percent of the global workforce is either not engaged, or actively disengaged. Engagement is fixable, but it takes time and effort and you can't fix what you don't know about. Wade in there and find out the truth about how your people are doing.

As a rule, these surveys should be anonymous so people can respond without fear of retribution. Be prepared to hear the good, the bad, and the ugly. The general results and comments should also roll up to a supervisor or manager so that they can be responsible for addressing the issues and comments. Let your people know that you plan to take action. Then do it.

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Talk to Your Customers

A third tool is all about finding out what your customers think about you and your team's performance: a customer survey. How do they see you? Where are the shortfalls? What can be improved upon? How can you adjust to meet the needs of the market and the expectations of those you serve? Perhaps this survey is more open-ended and qualitative rather than quantitative. Instead of 1-5 answers, ask for elaboration. How are we doing? What could we do better in your opinion? Once again, be prepared for what you will get. Then, study it and act on it as best as you are able.

All of this incoming information changes the conversation from "I think" to "I know," which is a data-driven conversation where we are all looking at the beach ball from different angles but still able to have an intelligent conversation about how to position the company to achieve its goals and objectives.

So, you've shared information. You have a clear picture of how engaged your workforce is. And, you have asked for feedback from your customers to improve their experience with your company and its products and services. If you have done all of this, get ready. Your future leaders will start appearing, and sometimes from the most unlikely places.

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Finding Macy

All of these systems and tools and innovations are designed and built with one thing in mind: Finding the next generation of leaders and helping them get up to speed. My guess is you already have at least some of those future leaders in your organization right now. If you give them a chance to spread their wings and soar, they will stay with you and grow.

Here's one real world example. Back in 2000, my company was in need of a receptionist. After our interview process, we found Macy to be the best fit for the position. It would be an understatement to say that when she interviewed with us and was hired, she was inexperienced in the industry. From day one, however, she displayed a natural curiosity for how the business worked and, most importantly, how it could be improved upon and what role she could play in that improvement.

Very quickly, Macy's role within the company began to change. Within a couple of years of her arrival she was helping us manage events and customer experiences. She had a real talent for spotting ways that the customer experiences could be improved and then working to implement ways to make those improvements happen. She did this with little need for instruction or oversight despite her lack of experience.

As we began to have authentic conversations, we saw the need to formalize the process of finding emerging leaders in the organization. There were people who excelled at thinking about the future of the company, so we needed a place for them to have influence—not because of their title or tenure, but because they demonstrated the will and ability to lead. My partners and I decided that the strategic planning process was the best measuring stick or tool that identified emerging leaders that would shape the future of the organization.

In one of the first conversations about our new strategic planning process I had with my partners, we identified Macy as one of those emerging leaders. She had a sense for finding the ways to continuously improve processes and she cared enough to follow through on that as best as her current role would allow. And we felt she was ready for a seat at the table. Just five years after she was hired to be our receptionist, Macy became part of our strategic planning team.

Through her research and dedication to helping us grow, she helped to formalize our strategic improvement and management processes. Perhaps less obvious on paper, but unavoidable in experience, Macy had a tendency to be optimistic—to expect the best of herself and others. In short, she was inspiring. We could see it on full display. She took on leadership situations that likely caused her some discomfort. But she did them with a kind of passion that made every interaction with her meaningful and engaging.

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It is not lost on me that we were lucky to have a person like Macy in our company. A players like that are hard to find. And that is just the point. How often do we overlook people who have the leadership ingredients but nowhere to go with them? This does not happen because we don't care, but because there is no set structure or path to a leadership role outside of pure instinct and ambition. If you leave it up to that alone, you will miss many great candidates.

All of this matters in the context of building a legacy for your organization. No matter what you may decide you would like to do with your business, there is a need for knowledgeable leaders who know how to make decisions. The moral of the Macy story: Pay close attention to your people. You most likely have more potential leaders than you think.

To find and encourage the potential leaders like Macy, we built upon the structures we already had in place when we had authentic conversations. We used a combination of SWOT analysis, the aforementioned corporate dashboard, employee and customer surveys, and created a strategic planning group. By using the activities associated with strategic planning, we found a way to engage people in ways that were challenging, but did not set them up for failure.

Another lesson that we learned: We found, through trial and error, that strategic planning is best done with no more than ten people present total to promote some intimacy, and not in a public speaking forum. I also made sure, as the CEO, that I listened more than I talked. This was not easy for me, but I knew it was critical if we were going to create our collective plan and not mine. And I wanted to observe how they dealt with adversity, being challenged, and how they thought through their portion of the plan.

As a concept, strategic planning has been around since before the Great Depression. Using the concepts involved in plotting the growth of a business is at least a 100 year old idea. At this point, there are as many ways to strategically plan as there are privately held companies. It is nothing new. The nuance I want you to grab hold of is using strategic planning as a tool for

creating a legacy. It is the why behind the strategic planning. This is the best tool that we found for allowing leaders to emerge. At Counsilman Hunsaker, we decided that strategic planning was the most fitting leadership training ground for legacy creation. We did not want to make people feel like leaders. We wanted them to have a chance to really be leaders. We wanted them to put their ideas to the test. Being able to strategically plan for the future is a prerequisite for ownership. So why not use that critical skill as a way to identify your next crop of leaders?

Heroic Ownership

All of this may sound a bit daunting. We are all busy doing our day-to-day tasks. The very idea of adding another list of duties and meetings to an already overscheduled day seems like a little bit of craziness.

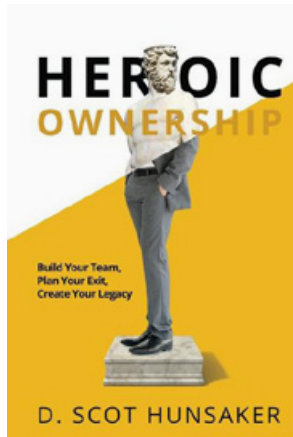
But, it's what heroic owners do. They feel the deep responsibility of the future. They know in their hearts that it isn't just going to happen unless they plan for it.

Be heroic. Start today. Your employees, your customers, and your community are counting on you. 📌





Info



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About the author

Scot Hunsaker is the author of *Heroic Ownership: Build Your Team. Plan Your Exit. Create Your Legacy*. He is also a much sought after speaker.

Calling on his wealth of experience, which includes leading 17 successful company transitions, Hunsaker formed [Ardent Group](#) in 2013. In addition to his dedication to Ardent, Scot also serves on boards of directors for four organizations.



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