



# Planning for Perpetuity:

How to avoid the risk of checkmate

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## **PLANNING FOR PERPETUITY:** HOW TO AVOID THE RISK OF CHECKMATE

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# I. Introduction: Accepting a moment of truth

## SUCCESSION PLANNING IS A STRATEGIC OPPORTUNITY TO PREVENT BUSINESSES FROM GETTING CORNERED.

Borrowing an analogy from the game of chess, checkmate represents the end of the road. The king is faced with a situation in which he can no longer be saved by another piece, nor make a move without being beaten by the adversary. For founder-led businesses setting out on a succession process, a real risk exists of encountering this scenario and finding oneself paralyzed. By waiting too long to prepare solid foundations for the business to independently forge ahead into the future, the eventual exit of the founder can mean game over for the organization and its legacy.

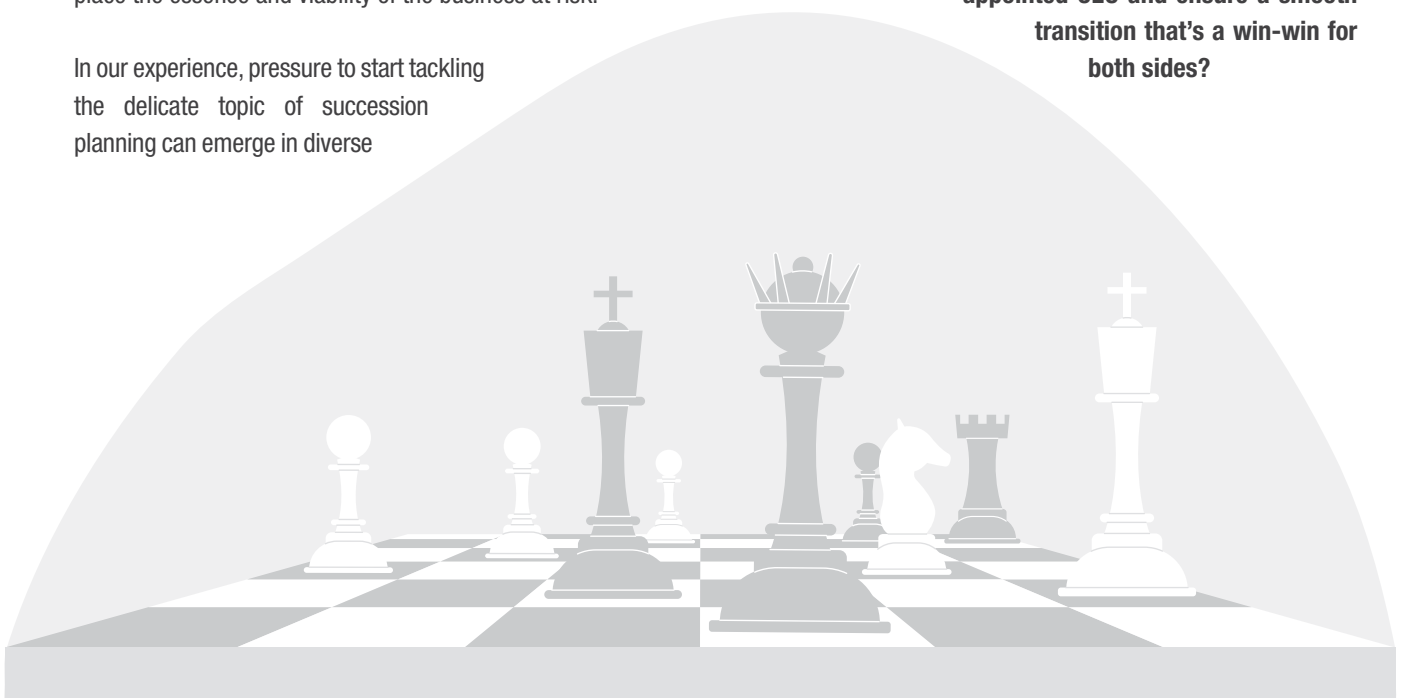
Despite knowing that this moment of truth will invariably arrive, we find that founder-led businesses across diverse sectors and geographies are frequently uncomfortable and ill-prepared to see the baton passed on to a new CEO. And no wonder: The founder and the organization's stakeholders – who so passionately built a thriving organization together over the years – want peace of mind that the business will pursue the ambitions that have been carefully set out, maintain its essence and continue to prosper.

But why wait instead of planning for the next move already? As with any solid long-term strategy, planning for succession should start as early as possible. Letting discomfort cause inaction can result in hasty and ill-prepared succession plans that actually place the essence and viability of the business at risk.

In our experience, pressure to start tackling the delicate topic of succession planning can emerge in diverse

contexts and lead to some common concerns. Just to cite a few examples that we've seen among clients:

- Our business has just embarked on a new strategic planning cycle, but we've hit a roadblock. Without implementing a succession process to keep our decisions on track in the long term, our ambitious strategy of acquisitions and new business pursuits will be seriously limited. **As a founder, how can I have confidence that the business will be able to sustain our strategic ambitions in the long term?**
- Internal/external factors are forcing us to start thinking about a succession plan. But we see a high degree of risk in bringing on an external professional: This individual may not share the same values underpinning the business, their performance/fit hasn't been tested out, they haven't been prepared for this handover nor had time to truly absorb our culture. **How do we ensure that a successor will be adequately aligned with the essence and inner workings of the company to ensure longevity?**
- We've just acquired a company to grow the business and need to figure out who will lead the recent acquisition. Our assessment reveals that the new organization is highly dependent on its founder and may have a hard time adopting a new mindset and interacting with a different sort of business. **How do we collaborate with the existing company's founder-led leadership to prepare the newly appointed CEO and ensure a smooth transition that's a win-win for both sides?**





## II. The benefits of succession planning

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There is, however, a proven path to successfully navigate the delicate issue of succession and attain tranquility for what's ahead. In this paper, we hope to show how crucial it is to dedicate sufficient time and space to preparing a founder-led business for handing over the baton.

### **PLANNING EARLY TO PASS ON THE BATON OFFERS ADVANTAGES ACROSS THE BOARD.**

Yet, all too often, we see business leaders overlook this opportunity. Helping founder-led businesses get a head start on succession planning has proven to offer clear-cut **benefits**:

- Providing adequate preparation to hand over the baton calmly and with care, thereby avoiding potential ruptures or interruptions in the business
- Allowing the new CEO to already start working and absorbing the essence and characteristics of the company, side by side with the founder
- Preparing the board for the transition ahead and culturally getting the organization ready for the new cycle –

benefiting from careful change management that will preserve the essential elements of the business and allow for natural evolution

- Ensuring that the organization has a clear path forward laid out – with a clearly defined strategy, formalized values and ways of working, and a consolidated organizational model and governance

These positive impacts are cross-cutting, offering advantages for the founder, the successor, the stakeholders within the organization and the business itself. In our experience, there are three actions that founder-led businesses can take to capture these benefits.

1. Start and see the entire succession process through while the founder is still at the helm of the business
2. Treat succession planning as a holistic exercise to ensure that change is managed appropriately
3. Concretize the succession plan into specific measures and treat it as an opportunity to keep evolving the business

### III. 3 steps to start ensuring perpetuity

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#### 1) SUCCESSFUL SUCCESSIONS ARE A LONG-TERM, SIDE-BY-SIDE ENDEAVOR.

So, what's the right moment to start creating a succession plan? The entire succession journey can take years to conclude, culminating on the day the new CEO occupies the full scope of the envisaged role – to the trusting satisfaction of the founder and the organization as a whole. That's why it is so important to start the succession process when the founder is still at the helm and provide ample time for the founder and successor to work side by side.

The most effective succession plans are those that have sufficient time to be developed, starting years (if not decades) before the baton is handed over to the new CEO. Besides allowing the founder-led company to amply reflect on and objectively codify the essence of the business to be passed on to a new CEO, it also avoids the need to make hasty decisions down the road.



#### Case study

##### GETTING THE ORGANIZATION READY TO MATURE

The realization that it may be time to start thinking about succession planning very often comes when a founder-led business finds itself needing to mature and pursue more ambitious growth.

One of our clients in the real estate sector came to this very conclusion after a period of growth that brought many new strategic professionals aboard. The founder soon recognized that his company faced an existential risk: To retain the talent that was making the business prosper, it would eventually need to prepare for a more ambitious future by expanding and pursuing new opportunities in the market.

The founder also understood that neither he nor the company was prepared to make this move – potentially threatening the longevity of the business. Integration supported the founder-led company in preparing for this journey by putting together a management board, creating an independent governance model, reviewing the organizational structure and commencing the long-term process of succession planning.

In the end, by addressing the question of succession early on, the founder was able to set the foundations that would preserve the longevity of the business in this new moment of growth supported by fresh talent but also the essence of what he had so carefully built since the beginning.



## 2) SUCCESSION PLANNING IS A HOLISTIC MOVEMENT INVOLVING THE ENTIRE ORGANIZATION.

As such, this endeavor goes far beyond merely finding a good replacement. In essence, succession plans are about ensuring the needed continuity of what the founder constructed, respecting the legacy that was built, maintaining the established business model and professionalizing the organization. This makes succession a holistic exercise that requires founders to consider diverse aspects of the business. This includes the work of:

- preparing the organization and its stakeholders for a new chapter without the founder,
- setting the right governance pillars that will ensure continuity while avoiding ruptures and
- paving the way for the new CEO to have an easy transition into the acquired role to the benefit of the business.

### The five holistic elements of succession planning



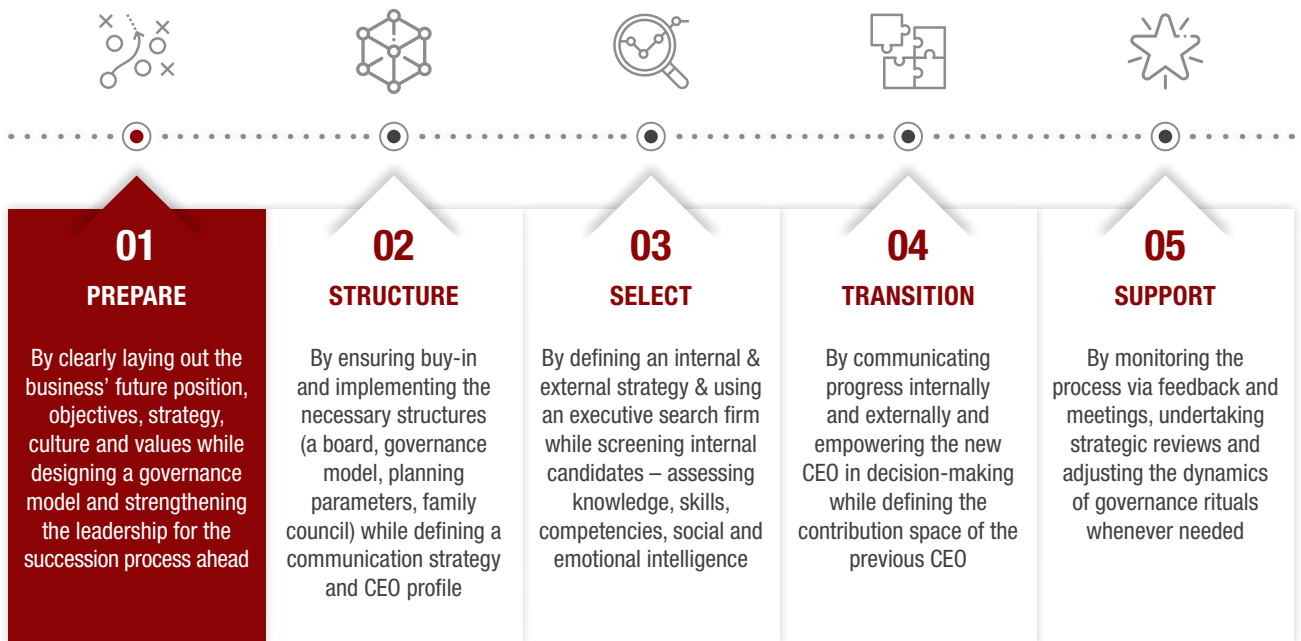
At the same time, this is an opportune moment to restructure the founder-led business in tandem with a review of the strategy. In practice, covering all of these bases truly works best when the founder and the executive board work shoulder to shoulder.

Founder-led businesses are advised to take a holistic view of the company's context as a whole – both internal and external – and eventually incorporate the new successor into this collaborative task as well.

### 3) TAKING A FEW CONCRETE ACTIONS WILL TURN THE RISK INTO OPPORTUNITY.

Our experience guiding businesses through this process has led us to identify some steps that founder-led businesses can start addressing straight away. These mostly relate to the first

of the five stages of CEO succession planning – and the one that's the most crucial.



The first step in this is about awareness: looking **inside** at the heart and soul of the company, looking **outside** at the context in which it's situated and looking **around** for a successor, gaining an understanding of the profile that would be a best-fit for the business. The second step is channeling this awareness into concrete actions targeting the governance model, strategic plan and leadership.

- i a. Codify the business** by building a governance model that will support healthy growth. This will increase its capacity to generate value, expand its credibility for greater access to capital in the market and promote the perpetuity of the organization. As a foundational pillar, corporate governance is essential for structuring the succession process and, above all, ensuring continuous monitoring at the right speed and with a systemic vision.

#### TIP:

Creating an external council or a committee is an effective solution for providing needed perspective for the process ahead. This committee functions as a personal trainer, taking a careful look at what's being defined, providing support along the way and setting the pace – with a start, a middle and an endpoint for succession. Detached from the

**b. Lay out the strategy** by constructing a plan that underlines and formalizes the company's long-term objectives. This is an important exercise for reflecting on your ambitions and asking: "What do we want for the future?" Apart from gaining clarity for the road ahead that can readily be passed on to a successor, a strategic plan will also allow you to determine the degree of coherence between the business' strategic ambitions and the reality at hand. Having already identified resources that will be necessary to make this happen in the future will go a long way in ensuring a smooth succession.

**c. Strengthen the leadership** through a review of your organizational model. This means reinforcing your C-level and also creating the opportunity for potential successors to be identified within the existing structure. Having well-prepared leadership in place at the company-wide or business-unit level will serve as an essential resource for ensuring that the strategic plan you've outlined will actually gain traction.

day-to-day business, these committees add a great deal of value by presenting a truly unbiased view with clear targets and critical momentum. Tasks falling to the committee include reviewing the organizational structure, identifying necessities related to succession and preparing the organization as a whole.

## IV. Conclusion: There's no magic formula

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### WHILE EACH COMPANY IS UNIQUE, STARTING EARLY CAN PAVE THE ROAD TO SUCCESS FOR ANYONE.

There's no magic formula for succession planning that applies to every type of founder-led business. This means each company should embrace its uniqueness and take guidance from the framework presented here to objectively codify its most essential elements and develop initiatives to effectively hand these over to a future CEO.

The most well-succeeded succession processes for founder-led companies avoid checkmate by getting to work well before “d-day” – remaining in the game long term with confidence and

continuity. Creating a succession plan doesn't mean that the founder will stop being the CEO. On the contrary, this individual should remain involved for years to come.

Founder-led organizations can take the eventual succession of their carefully constructed businesses into their own hands, rather than leaving this chance. Just as skilled chess players devise their strategy many moves in advance, we advise founders to realize that the succession process shouldn't only commence once they've decided to leave the company.

### The key success factors:

1

**Ensure perpetuity** by starting the succession process early when the founder is still at the helm, providing time for them to work side by side with the new successor.

2

**Adopt a holistic view of succession planning** that considers a strategy revision, preparing the organization, refining corporate governance, conducting an executive search and transitioning the new CEO.

3

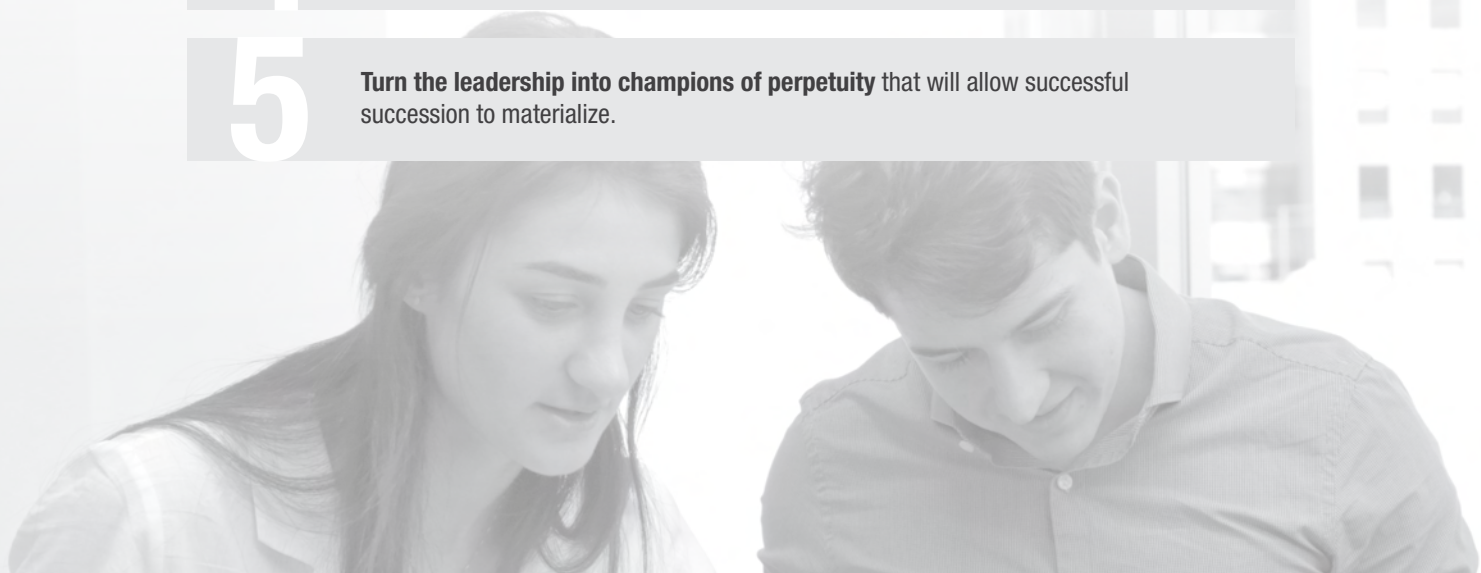
**Make sure that governance will serve as a foundation** for change and perpetuity – potentially setting up an external council tasked with objectively preparing the organization and paving the way for a smooth succession process.

4

**Gain clarity and codify the essence** of the company's strategy, making updates in line with new internal and external realities wherever necessary.

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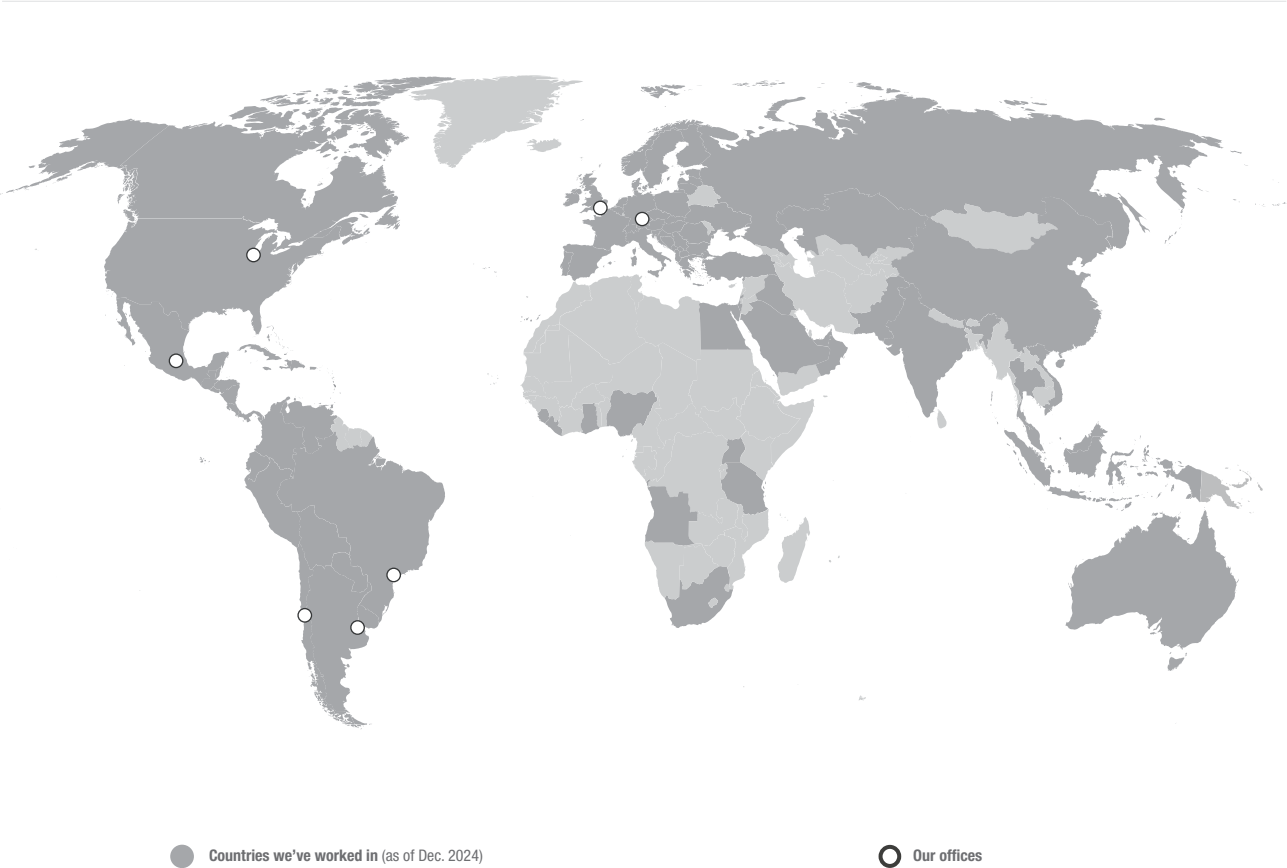
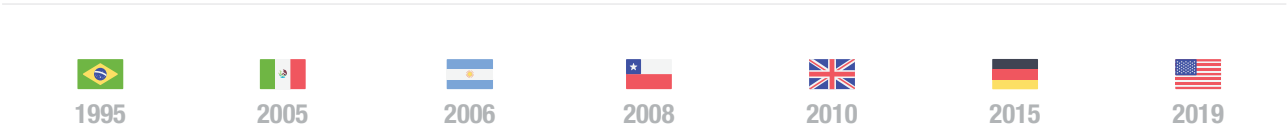
**Turn the leadership into champions of perpetuity** that will allow successful succession to materialize.



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We work side by side with our clients to create customized solutions that match their business needs for change across all levels of the organization – always integrating our expertise with the client's reality. The result of this for our clients is a unifying movement across the organization that creates a positive legacy of tangible change – always integrating people and business.



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projects  
**3630+**

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**85+**  
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offices  
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**The result**

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