

Pocket Summary



Leadership Development

Developing the Next Generation of Leaders

By Lucio E. Dana & Harry Kras

For a successful transition to occur successors must be both willing and able. This article introduces you to the successor development cycle that addresses the second element of these requirements.

The seven stages in successor development

The creation of a new generation of leaders typically encompasses seven stages:

- **Attitude Preparation.** Important attitudes toward work and the family business are formed during the first 25 years of life. Usually, the stage includes part-time work in the family business and occasionally business-related trips with the business owner or a mentor. Ideally, in addition to formal education and training, it incorporates three-to-five years of outside work experience.
- **Entry.** Serious, detailed discussions of succession usually should not begin until the young person enters the business. This usually occurs when the successor is between 20 and 30 years of age and takes an existing, necessary job in the business. It includes training, orientation and developing relationships with other employees.
- **Business Development.** This phase usually occurs between 25 & 35 years of age, when the successor should obtain the best job experience possible to develop business skills and experience. He or she should be cultivating needed skills and abilities, including some that are complementary to those of the incumbent. On-the-job education about the business' history, culture, strategy and philosophy should occur. If a successor is not the best candidate for leadership, it will usually become obvious during this stage.
- **Leadership Development.** Between the ages of 30 & 40, the successor's plans stretch beyond any one job to the time when he or she will be responsible for the entire business. At this stage, the successor acquires needed leadership skills and experience including the skills of team-building and shared decision-making. If more than one successor candidate exists, this also may be the period when a natural leader emerges and self-selection occurs.
- **Selection.** If multiple candidates exist, selection should occur at this stage or sooner. A choice can be made in any of several ways, ranging from an early choice by the incumbent, to selection by the outside board or the family executive team, to consensus among family, board and executives.
- **Transition.** This is the period when authority and responsibility is transferred to the successor. This may be the time when the successor gets involved in setting strategy and names his or her own management team.
- **The Next Round.** Succession in the family business is a cyclical process that should never be neglected for long. Not long after transition, the business' new leaders should begin talking about developing the next generation of leaders and planning for the next round of succession.

**This article by Lucio Dana & Harry Kras is for general information only and should not be relied on as, or in substitution for, professional advice.*

(These notes have been excerpted, with modifications, Aronoff, C.E. & Ward, J.L. Another Kind of Hero: Preparing Successors for Leadership. (1992, Business Owner Resources, Family Business Leadership Series, No. 3) at pp. 3-5)

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