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Business succession planning in the time of COVID | Opinion

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President Ronald Reagan was in office little more than two months when he was shot by an unhinged gunman. In the confusion that followed, Secretary of State Alexander Haig declared, “I am in control here,” claiming power at the White House, bypassing the Vice President and the leaders of the House and Senate. While there was some good in having someone assume charge, Haig had no real authority and added uncertainty to an already precarious situation. There’s a lesson here. If you lead a middle market company and

become suddenly unable to stand at the helm, don't invite such chaos. Instead, have a plan.

Recent events at the White House show COVID-19 does not discriminate. Even while practicing social distancing and wearing a mask, one slip, and you, or a member of your leadership team, could be its next victim. Incapacitation at the top of your company could invite incalculable disruption to your business. And even if you remain virus-free, accidents happen and other health risks exist. Plan accordingly and have a succession plan to ensure your company is prepared.

Most large companies have a succession plan that's monitored by their board, but many middle market business owners find such plans a morbid topic and avoid developing them. This is cruelly ironic given that most large companies could better manage a disruption like the death of a CEO, while smaller companies are typically much more reliant on their CEOs/leaders for everything from managing payroll to literally signing checks.

Even those who outrun the grim reaper longer than most will likely see a day when, at the very least, they may be temporarily incapacitated. What then? Remember, the well-being of colleagues, employees, partners, clients, consumers, and family, matter. Should you shed this mortal coil, or become ill, a succession plan is a good business move that ensures your legacy and protects your employees, clients/customers, as well as relatives when a family business is impacted.

Start with weighing the leadership skills, competence, and trustworthiness of those around you as you define your hierarchy of succession. Give these leaders opportunities and training, while mitigating competitive tensions that arise as they yearn for the throne. Be honest and make sure you have the right person or people to take over for the short and long-term.

A well-conceived succession plan keeps your company on track to hit growth targets even after leadership takes a hit. It establishes protocols for addressing the temporary or permanent incapacity of the person at the top and other company leaders. These protocols ensure key leaders have access to critical company resources from payroll and operating lines of credit, to all the company passwords. They establish who has company signatory authorization and delegate other operational decisions and essentials such as

maintaining relationships with customers, lenders and investors. A good plan also helps get the most out of people before they assume the role, making for a stronger company.

The succession plan also contains strategy for hiring and grooming new talent to meet projected company needs. It is also periodically updated, keeping it in line with industry developments, creating personnel redundancies that position your company to flourish, no matter what.

In times of uncertainty, internal and external messaging plans help complete the picture, establishing communication protocols for getting the message out internally, and a PR plan for getting word to those outside the company. Together, they help project, promote, and maintain stability.

Too often, small and middle market companies don't address succession planning. But the President's recent hospitalization serves as a warning: Major disruption could be just around the corner. Leaders don't like giving up control, even temporarily. But none of us are invincible and the fate of your company and the clients and consumers who depend on it, affects more than just yourself. If you don't already have one, put your succession plan in place now. You owe it to your company, your clients, your family, and yourself.

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