

a change in leadership

BY TRISH BROCK

If you want to get a quick picture of how your dealership would experience a succession in leadership tomorrow, you might ask yourself what it was like the last time you or the owner went on vacation.

In your absence, how did the organization respond to the changes that happen daily? Did people make appropriate decisions and further the direction of the dealership? Were conflicts resolved effectively? Were customers confident that their needs would be met? Did service levels change? And if the vacation had been for, say 3 months, would the absence of you or the owner alter how your competition positions themselves against you and goes after new market opportunities? And would new customers entertain working with your dealer for the same reasons they do now?

When thinking about succession planning, it's important to remember that succession is really about change. And change is inevitable and a constant – it's not just one event. It isn't something that just happens when an owner retires, or sells the business, or when the top sales person leaves. Change happens every day, and succession planning is about creating sustainable practices and successes which allow the dealership to navigate and weather constant change. As such, succession planning should be a regular and ongoing practice rather than waiting and then reacting to what might happen next.



■ BUILDING A FOUNDATION

Every action an owner takes now builds a foundation for what is to come. Whether it's a potential new owner, a family member inheriting the business or existing personnel buying the dealership, the question will be, "what are they getting?" The balance sheet only tells part of the story. What kind of people make up the business; what is the business' reputation; what is the typical customer experience with the dealership; is there a purposeful brand and does the dealership "live" it?

As a distribution and service business, the largest inventory and expense dealerships have is in human capital. The people,

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their relationships, their abilities (or lack of), their experience and their collective tacit knowledge are what ultimately make

up the business. As planning takes place for change, often the conversations are centered on the various financial aspects. The human element, the collective information and experiences of the organization or tacit knowledge, must also be factored. The health and sustainability of the business will hinge on these internal assets.

Equally important will be the brand or reputation of the dealer. Even if you haven't developed a purposeful brand, your dealership has one – it is what the marketplace says it is. Is it consistent with what you think it is? How is the brand supported - is it dependent on the owner or is it a reflection of the entire organization? Is the brand and message sustainable if the owner were to leave tomorrow?

Often, dealerships are run by an ambitious founder or owner who assumes the majority of the responsibility for developing new business and controls much of the critical decision making processes within the organization. The staff are competent in their roles as supportive members of the team, but may have limited decision making or management responsibilities. When critical decisions need to be made such as managing a client crisis, often it is the owner who has the final word. When returning from the last vacation, what was the crisis level in the dealership? And would that level be appropriate to pass along to the next successive leader?

Each dealership will have their unique circumstances and challenges when charting a succession strategy. Some will cite a lack of talent or "rainmakers" interested in taking ownership. Heavy workloads for owners or declining margins could be other reasons. Tough buy-in requirements, financing or internal disagreements are a few more potential challenges. Succession planning also involves planning for the change in key position, such as the top sales person retiring or the CFO moving.

■ QUESTIONS TO ASK YOURSELF

The human complexities are critical, and if not factored and planned


around, any succession planning will likely be unsuccessful. To ensure a successful transition, here are some questions and action steps to consider:

- ✔ Have a strategic plan. Know where the dealership is headed. This is necessary if you are selling, buying or intending to stay involved for many years – change will happen requiring you to reference a plan to stay on course.
- ✔ Treat planning as an everyday, on-going business activity--not an item to be checked off the "to do" list.
- ✔ Have a "people strategy" that aligns with your "business strategy." What kind of talent and experience do your people have, and do they reflect your future needs? Are they being developed in line with your strategic goals?
- ✔ Are your recruitment efforts directed towards growth or filling an empty spot?
- ✔ Nurture existing staff so they can grow with your dealership. Turn good managers into strong leaders. Get a formal - leadership training program initiated & and be realistic about the time involved for this process to have effect.
- ✔ Mentor your people to grow in their profession, not just their skill sets. Doing so will ensure their experience and tacit knowledge will stay with your dealer, increasing your intellectual inventory. This is important for every critical position, but particularly for sales.
- ✔ Give away power – let people throughout the organization have the responsibility of doing their jobs autonomously. Create a company structure that enables staff, particularly potential leaders, the chance to develop the kind of initiative and independence that will service them well as they advance within the dealership.
- ✔ Is the structure of the dealership and how work flows clear and defined? Or are difficult decisions made by the owner or a few on an as needed basis?
- ✔ Is the "brand" of the dealership a reflection of the owner, or does it represent goals and shared values of the organization as a whole? How is the brand supported within the dealer as well as broadcast to the marketplace?



"Have a strategic plan. Know where the dealership is headed."

- ✔ Is your customer's "experience" with your dealership the experience you want them to have? Is it consistent?
- ✔ Have a specific plan for managing clients and anticipate any particular concerns they may have about changes within your dealership.
- ✔ Be purposeful about your dealership's identity and branding, and be sure that your employees are "living" your brand. Knowing who they are and what they represent will aid in their ability to make appropriate decisions internally as well as with customers. They will then be able to measure the implications of important decisions that are consistent with company values, resulting in consistent customer experiences.
- ✔ Determine the values of your dealership and be authentic – when new employees or even a new owner steps in, knowing about work habits and professional values will make the transition smoother for all.

With foresight and planning, you can position your dealership to withstand the challenges of change. By building upon your inherent people resources and solidifying your brand, you can not only protect the value of your dealership, you could also be increasing the value and ensuring a successful transition for yourself and the people who helped you get there. 

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