

# So Now You Know the Road You're on, What's Next?

By Dr. Mike Harvey, Founder and President, Human Capital Consulting



Dr. Mike Harvey

Earlier in this issue, Mario Fidanzi, Director, Family Enterprise Center, Stetson University, provided an excellent overview of the types of strategic questions that absolutely must be asked if a company aspires to not only survive, but last. He was right on target when he noted, "The first step is to take the time to define your company as it exists today both from an internal and an external perspective." [See *Boxscore* Vol. 13 No. 5, September/October 2009, page 25.]

This kind of analysis has to be made a top priority or day-to-day business demands will always interfere with taking sufficient time and engaging the right people to generate productive outcomes. Successful companies typically find ways to build all stakeholders into their analytical and strategic planning process, to include customers, employees, vendors, stockholders/owners, and representatives of the communities within which they conduct business.

Defining your company not only involves addressing the changing and competitive environment and identifying strengths, weaknesses, opportunities, and threats, but also determining the stage of your company's development and realistically identifying where it currently functions from a maturational perspective. For example -

- Has your company grown to the point that the leadership and staffing structure is overly stretched and internal operations and processes are now marginally effective?
- Has your company essentially been a one man band but now has developed to the level requiring responsibilities to be un-bundled and assigned to a team of leaders?
- Has your company stalled, matured, or even started into decline? Does it now require re-energizing, turning around, re-focusing on more profitable core business activities, or identifying and executing new business initiatives?
- Is it time to sell?

Openly and honestly responding to these difficult questions will require you to take the next big step and carefully consider

whether or not you have the talent on the bench to do what needs to be done. Now, you must carefully assess and align the skills of your leadership team with your company's

- Competitive and changing business environment
- Master strategy - growth, profitability, or sell
- Specific strategic objectives
- Stage in organizational development and maturation cycle
- Succession planning needs.

By going through this assessment and alignment review, your current and future bench strengths and weaknesses will become very evident.

Future business environments, strategies, objectives, stages in your company's development and maturation, and plans of your current leaders/owners often require leadership skills, abilities, and motivations from the key people in your company that are different from what has worked in the past. Seriously considering the future direction of your company will mean doing all that you can to have the right people with the right skills in the right positions and doing the right things at the right times. This is leadership, talent, and succession planning at its best.

Missteps at this juncture no doubt underlie the findings of Michael Mankins and Richard Steele reported in the *Harvard Business Review*. In their article *Turning Great Strategy into Great Performance* (July-August, 2005, pp. 64-72), Mankins and Steele found that companies, on average, reach only 63% of their strategies' potential value because of defects and breakdowns in planning and execution. In my educational and professional experience a score of 63% is unacceptable, requires intervention and doing things differently than you have in the past.

In his article Fidanzi also accurately emphasized the critical importance of addressing change. Change at all levels, both inside and outside of your company, must be

embraced, not avoided or minimized. Plans must be made for multiple potential business and succession scenarios and how each scenario will be addressed with flexibility, innovation, and specific actions. All job descriptions, from CEO to entry level, need to include responsibilities involving effective change and transition management.

The future of your company hinges on many factors, some of which are out of your control. Factors clearly in your control are those involving strategic, succession and human capital planning. Effective leadership and top performing management teams are core drivers of company success regardless of the economic cycle. Selecting, developing, and retaining the key people in your company will be central to your business's survival and success in the future.

**To remain or become a top performing company you must address the following seven steps:**

- Strategically and developmentally assess the current status of your company
- Align succession and human capital planning with your company's vision, master strategy and business objectives
- Identify the company structure and key positions required to drive the vision and master strategy
- Establish competencies, skills and experiences necessary for key positions now and in the future
- Identify rising stars and candidates for key positions
- Address short- and long-term company human capital gaps, needs and risk issues
- Select, develop and retain the next generation of leaders for your company.

Investing the time and energy needed to systematically go through these seven steps can reap substantial returns.