

FAMILY BUSINESS SUCCESSION @THE TOP

Succession Planning is one of the most important strategic HR operations. It aims at identifying the company's high-potential and outperforming talents while ensuring their development to prepare them for top management positions.

A mature organization maintains strong succession pipelines at all levels—from executive leadership to front-line roles. This requires having a solid HR function to identify, develop and retain talents. Succession planning is critical to ensure leadership continuity in key positions.

CHAIRMAN SUCCESSION IN FAMILY BUSINESSES

In the context of family businesses, many organizations lack structured succession programs and often struggle to execute the most fundamental HR activities effectively. When considering succession, businesses do focus on their operations; developing succession plans for the CEO and downwards. Yet, they tend to overlook the critical position of Chairman in their succession plans. It is the responsibility of the board and the general assembly to ensure that the chairing of the board always has at least one identified successor.

Chairmanship is a role that could be performed by professional, experienced and non-executive Chairperson, who is capable of performing the requirement of the role.

CEO SUCCESSION

In the journey of ensuring stable succession of the CEO, three important elements must be fulfilled:



The company needs to have qualified talents who could fit as potential successors.

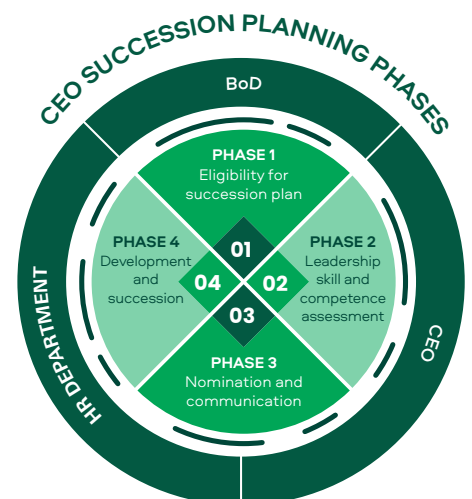


The HR function needs to be mature enough to lead a professional succession program.



The path to CEO needs to be identified.

For example, in some marketing-oriented businesses, the natural and recommended path to CEO is from the marketing or commercial functions, while in other businesses, it could be from manufacturing, finance or other functions. Most businesses though decide to leave the path open from any function, and simply measure the succession with KPIs and objectives set for the management team members.



What maximizes the importance of Chairman succession in family businesses is the complication of mixing the Chairman with the family Patriarch and believing that the board chairmanship must be dominated by the family-business owners,

WHICH IS A MYTH!



THE FAMILY PATRIARCH SUCCESSION

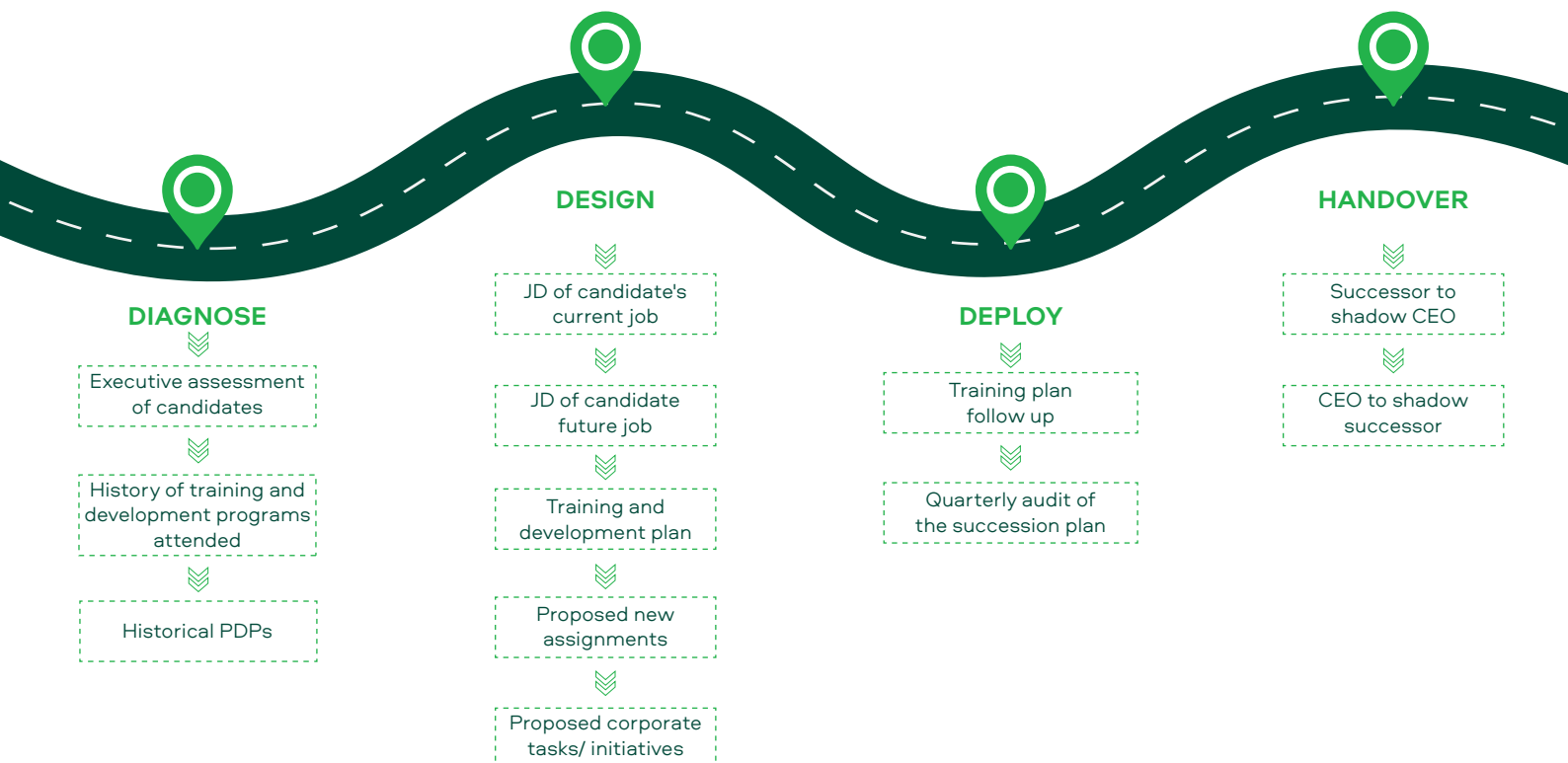
The family Patriarch is an important social as well as economic value that is under threat of vanishing in the near future. In the mid twentieth century, all large families in Egypt had a clearly identified Family Patriarch “ كبير العائلة ”. This role served in solving many personal, legal and business issues within the family. In our modern days, many families have lost this role due to a simple fact; the last family patriarch passed away and no clear succession was identified, most notably in families where the last patriarch was the last of his generation.

We highly recommend that large families treat this role very seriously and develop succession plans accordingly. They could start this process by identifying a successor for the family patriarch to ensure the sustainability of this role.

C-1 LEVEL

Roadmap for Successful Succession

The different functions at the C-1 Level (direct reporters to CEO) have different impact on the business. For example, the commercial functions are the driving force of the business, and thus their succession should be prioritized. Finance, HR and Manufacturing (for industrial business) are also crucial to the stability of the business.



SUCCESSION PLANNING DEVELOPMENT TRACKS



Successors should shadow predecessors for at least 3 months. At the same time, predecessors may also shadow successors at a later stage.



Predecessors act as coaches to their successors providing them with needed guidance to achieve their development objectives.



Upon successors' consent, mentoring could be offered. Although it may be externally obtained, it must be internally accounted for.



Successors should be exposed to professional contexts that are wider and more complex than those of their current jobs.



Successors may require formal training offered internally or externally through service vendors.



Based on the qualification gaps identified for successors, some may require enrollment in academic and/or executive education programs.



Based on the experience gaps identified for successors, some may be tasked with special assignments that contribute to their development.



Rotation may be required, where successor needs to be exposed to other functions within the organization prior to assuming the new role.



Interim positions may be temporarily applied to both successors and predecessors to ensure a smooth transition.



Self-directed learning is primarily the responsibility of successors to pursue personal growth and development.