

Why Succession Planning Needs A Start _____



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These promoters, who have dedicated decades to building organisations of repute, are faced with a daunting transition phase as they contemplate stepping down. It's a lonely journey for them, one they've never embarked upon before. They have toiled tirelessly, giving their all to their enterprises, and suddenly, they confront the enigmatic "day zero."





Every transition is inherently unique, and every founder's journey is an individual saga. While there are common learnings shared among founder transitions, one cannot merely rely on a cookie-cutter approach to handhold them through this intricate process. Furthermore, telling the founder who has poured his heart, soul, blood, and sweat into his business to "relax and retire" is not just impractical; it's unrealistic. Many of these individuals often lack non-work hobbies and leisure pursuits, leaving them at a loss for how to fill the 14 to 16 waking hours they once dedicated to their companies. What is their new 'purpose' in life?

The key to successful succession planning lies in discovering that new purpose. Many consulting firms offer succession planning services, complete with analytical skills and competency mapping, but the heart of the matter is to unearth the founder's postretirement purpose. And that requires trust-based, hierarchy-less conversations. The success of succession planning hinges on a fundamental starting point: intent.

To transition from individual-led enterprises to institutionalising businesses, one must first address the critical 'why' behind succession. It would involve conversations that are even rooted in the kitchen politics, or the bedroom issues or that family Guruji, or the family topics that can never be discussed outside of a select few. Each of these personal variables have an influence in the process, as well as the intent.



India boasts the third-highest number of publicly listed family businesses globally, trailing only behind China and the U.S. Nevertheless, India Inc is woefully unprepared for the impending generational shift in leadership. Resistance to relinquish power and authority paints a bleak picture of the corporate leadership in India. It has profound implications for corporate governance, as Boards that overlook succession planning undermine their own credibility

The common challenge that looms over many large Indian business families is the pressing need to expand the size and depth of the pond (business), from which their successors can draw sustenance in the future. Without sustained business growth, these families face an impending crisis. Even the creation of legal trusts to facilitate succession planning cannot mend the underlying issue of trust between stakeholders. The millennial and Gen Z scions of these families represent a new generation of leaders, who are globally educated, well-traveled, and connected, both within India and internationally. They seamlessly navigate the boardroom and the nightlife scene. However, a notable pitfall is their frequent misalignment of boundaries between ownership and executive leadership. In this era of heightened public scrutiny of corporate governance, it is essential to recognise that these two roles demand distinct approaches.

Aspiration

Begin by thoroughly understanding the aspirations of all the key stakeholders, with the family taking precedence. Don't forget to consider internal influencers as well. Delve into the founder's desires and motivations. If the projected outcome fails to align with their aspirations, the project risks stagnation.

Branding

Recognise that any succession plan must contribute to creating a positive image for the promoter family through its outcomes. This involves not only enhancing the entity's brand but also elevating the family's reputation, as much as the individuals connected.

Competencies

Acknowledge that emotions and raw data alone, derived from analytical assessments, are insufficient to address the competencies required for every individual within the family. For instance, being a scion from the promoter family doesn't automatically qualify one to be the chairperson of the board. It might be more appropriate for the family to entrust the scion with the CEO role, while appointing an esteemed external individual as the chairman to ensure effective governance. Initiating this discussion with the founder and concerned individuals is a challenging, yet indispensable step.

Desire

Recognise that each individual, whether on a personal or familial level, harbours desires. In today's era of evolving wealth and shifting individual priorities, it is crucial to explore and map what motivates each person based on their unique desires. This approach may deviate from conventional family expectations regarding the roles individuals should assume within the entity.

Indian ancient scriptures, steeped in wisdom and philosophy, offer profound insights into the duties of humans, including the intricacies of their retirement period and succession planning. Retirement, often referred to as "Vanaprastha," is a phase dedicated to spiritual pursuits and passing on knowledge to the next generation. The best legacy is to formally execute the succession planning, when one is able and healthy to enjoy its outcomes in years ahead. That is the true legacy of a successful promoter





Thank you



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