



CAN YOU PASS THE TRUCK TEST?

Literally every day, real estate organizations throughout the country experience the sudden loss of a key leader, valued manager and/or skilled professional. Whether the loss is caused by an unexpected death, disability, resignation, termination or other personal or health matter, the void created can be devastating. In addition to the natural human emotions one feels when a friend or associate is suddenly gone, the organization is faced with an immediate dilemma – “who will perform the tasks normally done by the individual who is gone?” The typical reaction and response is generally to ask a select number of people to “assume additional duties” or to “step up to the plate” and take on transition responsibilities. Unfortunately, these solutions rarely work and most organizations lose valuable time and resources because they have failed to pass the truck test.

The truck test consists of only one question: “Who is prepared and trained to immediately take over each critical job in the organization if the person in that position was suddenly not there (e.g., got hit by a truck)?” Succession planning is not a luxury, a future need-to-be-done task, or a process reserved for others – it is a necessity! Identifying, designing, training and transitioning one’s replacement must become a priority before it is needed. Succession planning – at all levels – must be an ongoing business practice that is endorsed, supported and fully integrated throughout the organization.

Successful succession planning requires the completion of four steps. These steps, described in detail below, should be applied to the most critical 25 - 35 percent of the

positions within an organization. While many real estate firms talk about or indirectly refer to succession planning, fewer than 20 percent actually do something about it. However, the aging workforce, current events, and the need to “stay ahead, not play catch-up” have raised succession planning from a need-to-do to a must-do priority.

Step One: Identifying Successors – The process of identifying successors begins with a determination of future, not current, position requirements. Unfortunately, many firms make the major mistake of trying to find someone “just like John or Joan.” Today’s rapidly changing competitive environment, marketplace, customer expectations and technology advancements are redefining the core competencies, leadership skills and knowledge requirement for every position. What worked in the 80s or 90s will not be a guarantee for success in the years ahead. A Successor Profile detailing and weighting the future job skills required must be prepared for each key position. CEL & Associates, Inc.’s experience in the preparation of Successor Profiles has revealed that internally-directed profiling consistently yields historical biases and “the-way-we’ve-always-done-it” inputs. Being an experienced bicyclist doesn’t guarantee that someone will be a good automobile driver, and that same principle applies within the real estate industry. Once the Successor Profiles have been developed, tested and embraced, they should be administered to all potential successor candidates to see how they rank against each weighted profile characteristic. Don’t be surprised if no clear successor emerges from the application of the first

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Successor Profiles. Successors may not come from within the organization. Your Successor Profiles will assist you in determining if a true Successor exists or is emerging, or whether an external search is necessary.

Step Two: Designating Successors –

The process of determining and ultimately designating a successor must be done with careful planning, sensitivity and clarity. Based upon the Successor Profile evaluations and the results of further internal and/or external searches for an emerging or clear successor, the individual to be designated is informed of his/her added and potential future responsibilities. It is important to remember that designation is not a guarantee of a future title, it is merely the determination of a backup with a possible appointment if anything were to happen to a leader. Care should be taken to let the designee know what is expected of them, what is expected of their mentor and what added responsibilities must be assumed in order to be “brought up to speed.” If the designee must be hired from outside the company, then a search must be successfully undertaken and completed.

Step Three: Training Successors – Few designated Successors are prepared to immediately step in and perform at the same level as the individual they are replacing. A comprehensive training program (possibly lasting two to four years) must be developed and implemented. The Successor designee must be given a set of qualifying benchmarks that they must achieve in order to retain their designee status. For example, if financing expertise, business development skills or technical skills are needed, a combination of external

training classes and internal mentoring will be identified and a timeline for gaining those skills must be mapped out. It is important for the designee to know what is expected and for the organization to set clear expectations and measures of success, thus making future evaluations of readiness easier to complete. Every designee must have a mentor, and the current position holder for which the designee has been identified must be supportive and cooperative.

Step Four: Transitioning Successors –

Successful transitioning typically takes two to four years to complete. Thus, if your organization is expecting to lose one or more leaders (e.g., through retirement) in the next three years, succession planning needs to begin today. After the identification, designation and training steps have been completed, for those designees moving into “planned” vacancies, a transitioning process must begin. As the departing leader phases out (e.g., 25%, 50%, 75%, 100% phase-out over a four-year period), the designee will co-manage the function. This requires careful planning and often is the source of problems as some subordinates “prefer to report the old way” or “finding an answer they don’t like from one leader, they go to the next, hoping to get the answer they want.” Announcements of transitioning of clients and key relationships must be carefully considered.

Conclusion: Passing the truck test takes time and careful planning. Reacting to the sudden loss of a key leader rarely results in the desired outcome. The “sudden leader” syndrome is frequently awkward and counterproductive to an organization and its



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customers. Answering the “what’s-going-to-happen?” question before a crisis occurs can often mean the difference between “moving forward” and “catching up.” CEL & Associates, Inc.’s experience in crafting many successful succession plans has revealed three fundamental truths. First, every key position must have a designated successor. Second, not every designated successor succeeds and thus, staging

succession allows time to make changes and get the “right” successor. And third, just when an organization thinks everything is running smoothly, something occurs that is unexpected. Passing the truck test requires planning and a commitment to the clients, employees and strategic partners. The organization is the sum of its parts, not wrapped up in a few individuals. Being prepared must be one of the highest priorities of every organization.

For more information on how to structure a Succession Plan for your company’s key leaders, please contact us by calling 310.571.3113 or via email at chris@celassociates.com