

Succession Planning for Baby Boomers

The 11th tip for business owners
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As published in the Traverse City Business News
Guest Editorial August 2011

THE BANK OF

northern michigan

The succession planning clock is ticking . . . and ticking faster for baby boomers who own their own businesses. Even the most diligent business owners tend to leave succession planning simmering on the back burner. For those nearing retirement age, it's time to move this issue to the front burner. It's fast approaching a rolling boil.

These business owners can do a Google search for the "Top Ten Tips on Succession Planning." Most of the sites listed will offer good, albeit generic tips describing goals, objectives, the decision making process, picking a successor vs. selling the business, having a contingency plan and an assortment of exit strategies.

But I'd like to point to the recent 2011 Leadership Exchange hosted by The Bank of Northern Michigan at the Hagerty Center. It provided real life, local examples of turning over a business to a family member, a co-worker or an outside buyer—and some insights I think are worth sharing.

Among the panelists, which included past owners and their successors, were: from Strata Design, Chuck Cady and Tyler Cerny; from Bill Marsh Automotive Group, Bill Marsh and (son) Michael Marsh; and Bob Bleyaert, vice chair, Lake Michigan Financial Corporation, who chose this writer to succeed him as president and CEO of The Bank of Northern Michigan. More than 150 local business people attended the informal roundtable.

The panelists engaged in an insightful and heartfelt discussion about the three main exit strategies. One, selling to an outside buyer; two, passing the business on to family members; and three, handing the reins to a co-worker. Those in attendance quickly recognized that succession planning has some very

personal, human realities not addressed by the search engines' top ten tips.

Based on the sound insights presented by our panelists, I venture to identify an 11th tip: Consider the human factor.

SHARED VALUES

All panelists agreed that having shared values with those taking over the business was of utmost

importance. Chuck Cady told how he spent hours interviewing prospective buyers about the business side of his company. However, he made his final decision to make Tyler Cerny his successor after Cady's wife pointed out something Cady hadn't been able to put his finger on: that he and Cerny had shared human values.

One of those shared values was an appreciation for the Grand Traverse region. Living in Traverse City was also a vital factor for Michael Marsh when he and his brothers moved forward to succeed their father at Bill Marsh Automotive Group. Both Marsh and Cerny expressed that the benefits of doing

business in the Grand Traverse area were doubly rewarding because of the pride and love they shared for the region.

RETAINING STAFF

All of the panelists—those selling their businesses and those taking over control—agreed that focusing on staff retention during transition was of the utmost concern.

Each expressed admiration and appreciation for their dedicated employees' loyalty to the business. And each recognized that any transition went beyond the founder, impacting the families of those employees supported by the successes of their respective businesses.

Bob Bleyaert shared how he had spent a decade building a solid group of banking professionals and found it essential to convey to me the importance of the role that each team member played in the bank's success.

An astute manufacturing business person in his own right, Tyler Cerny knew little about Strata's target market, the construction industry.

He realized that the Strata employees on the shop floor, in the sales office and overseeing financial operations were his best resource for shortening his learning curve.

INVESTMENT IN COMMUNITY

Interestingly, during the 2011 Leadership Exchange, not much was said about money, cash flow or business metrics. The commonalities focused on the trials, tribulations and joy of building and running a business in the region we all love.

The past owners' memories of long hours worked and goals accomplished, and the new owners' dreams for the future were a primary focus of the day's event.

As the panelists discussed their leadership roles, both confidence and humility were apparent. Confidence was reflected in the respect for the legacy of what had been built with each company. The humility came from having an opportunity to grow a business that produced success for business owners, employees and Northern Michigan's communities.

Are you a baby boomer business owner? It's time to take succession planning off the stove and put it on the table. By all means, learn from the "Top Ten Tips" you'll find online. However, pay special attention to Tip No. 11: Consider the human factor. In fact, make it your first priority. Then, prepare yourself for a rich human experience as you move your business forward in a way that honors your values, respects your staff and enriches your community for decades to come.

John Paul is President and CEO of The Bank of Northern Michigan and moderated the 2011 Leadership Exchange held in Traverse City.

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