JOHN SZOLD

Winning Strategy

Are you planning to fail or failing to plan?

Mr. Hickling, Mr. Campbell and the MacPhail Brothers were the supermarket brands of my boyhood in small-town Ontario. They're gone now, having faded into the woodwork and replaced by a corporate mammoth. Were they unable to adapt and compete in a changing world? Or did they fail to plan for the future of their businesses?

I recently surveyed 30 independents about their wills and more than three-quarters of them indicated they had one. When I asked if they had a succession plan, three hands went up. While acknowledging their mortality, apparently they intended to run their businesses from the hereafter.

Why is it that these otherwise astute business owners have a blind spot to succession? They are highly skilled planners; labour schedules, prize-winning displays and seasonal bookings all attest to their ability to plan.

Maybe they just don't know how to find successors. When they look at family members ("But, Dad, I want to be an orthodontist"), their own employees ("Good old Clem has no ambition") or corporate store managers ("We couldn't afford to hire him"), they come up empty-handed.

Successor Selection

Don't be so quick to rule out those potential successors. Provided they possess the technical knowledge—putting customers first, being a great people manager and excelling at perishables merchandising—you can groom a replacement for a smooth transition.

Successful independents exhibit two personality strengths: a streak of independence that shines through in creating a unique shopping experience; and the satisfaction that comes from taking entrepreneurial risks and enjoying the rewards of success.

By contrast, the talented store manager looks for direction and guidance, then executes faithfully, avoiding personal risk and appreciating the regularity of the paycheque.

The qualities that make a store manager a great operator seem diametrically opposed to the ones that make an independent successful. However, high-potential managers can develop and master new skills. Independent operators can encourage risk tolerance by creating a safety net that supports what I call "learning mistakes." For example, aggressive independents aim to maximize customer satisfaction and average any markdowns into a higher starting gross profit. Encouraging intelligent promotional ordering and management of markdowns can be used as an object lesson in calculated risk-taking.

How do you get a manager to think strategically like an owner? The same way business schools do it: coach managers to ask key strategic questions about competition, strengths and weaknesses, consumer wants and needs and financial objectives. Maybe you had to learn the business the hard way, but that does not preclude you from mentoring your successor.

Succession Simulation

An effective succession plan goes beyond who and when. It identifies specific development activities and timelines to support readiness.

For the successor these include:

- Filling in on vacations, with the added step of a helpful discussion about what worked in the store and what didn't.
- Flying solo on purchasing and merchandising decisions with post-mortem data analysis and debriefs that encourage risk-taking and learning.
- Job shadowing a neighbouring independent to gain a different perspective.
- Planning and leading the "all hands" store meetings and department meetings.
- Developing a competitive intelligence approach to store checks that converts them from price comparisons to strategic assessments.

With patience and structured learning opportunities, you can transform a manager into a winning independent and your business will continue on a storefront for years to come. CG

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