

“Grow to sell internally”

Client Profile

Category:	Small Business Coaching
Industry:	Consulting
Age of business at start:	10+ years
Stage of lifecycle:	Growth → Expansion
Assignment length:	3 years+
Enterprise summary:	30+ employees, 7 owners

The Chairwoman of this business approached us to help her deliver an internal succession strategy. She had built the business from scratch, getting it to the stage of having three owners. She had always planned to sell the enterprise and preferred to sell it to people within the business, but three shareholders was not enough of a base for her to sell out in the time she wanted.

We began by confirming the internal succession strategy and securing commitment to it from the existing owners. We then helped the owners identify potential shareholders already in the business, and to groom them for succession. We also helped the business to identify gaps in its employee talent pool and to develop a recruitment process to close the gaps.

Next we helped the owners to distinguish between the four key roles typically played by business owners: Shareholder; Director; Manager and Employee. Like most small business owners, the shareholders of this business combined all four roles, making it much harder to expand the ownership base. Separating the roles enabled them to focus on ownership succession and to broaden ownership without slowing their decision-making or bloating their management.

Finally, to grow the shareholder base without diluting returns, the business needed a significant increase in both revenue and profit. We provided consulting services to plan and implement a growth strategy, and continued to provide coaching services to help the managers of the business deliver against the plan. The result was a 60% increase in revenues in one year, and sufficient increase in profit to support four new shareholders.

The business now has seven owners, with several more identified for succession.

Key Learning: Plan your succession early.

Postscript: During the time we worked with this business it was engulfed in the 2008/9 global economic slowdown. Business became much more difficult and the CEO and Chairwoman started to question the resource base and how long they should hold on to excess capacity. We coached them first to hold their nerve and stick to the succession strategy. Then we provided consulting and training services focussed on sales and marketing. The business traded well through the slowdown and, because it had held its resource base, remained well placed to continue its internal succession through the upturn.

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