



# National Executive Development Webinar Series

## Passing the Torch: Succession Planning for the Canadian SME



Presented in partnership with:



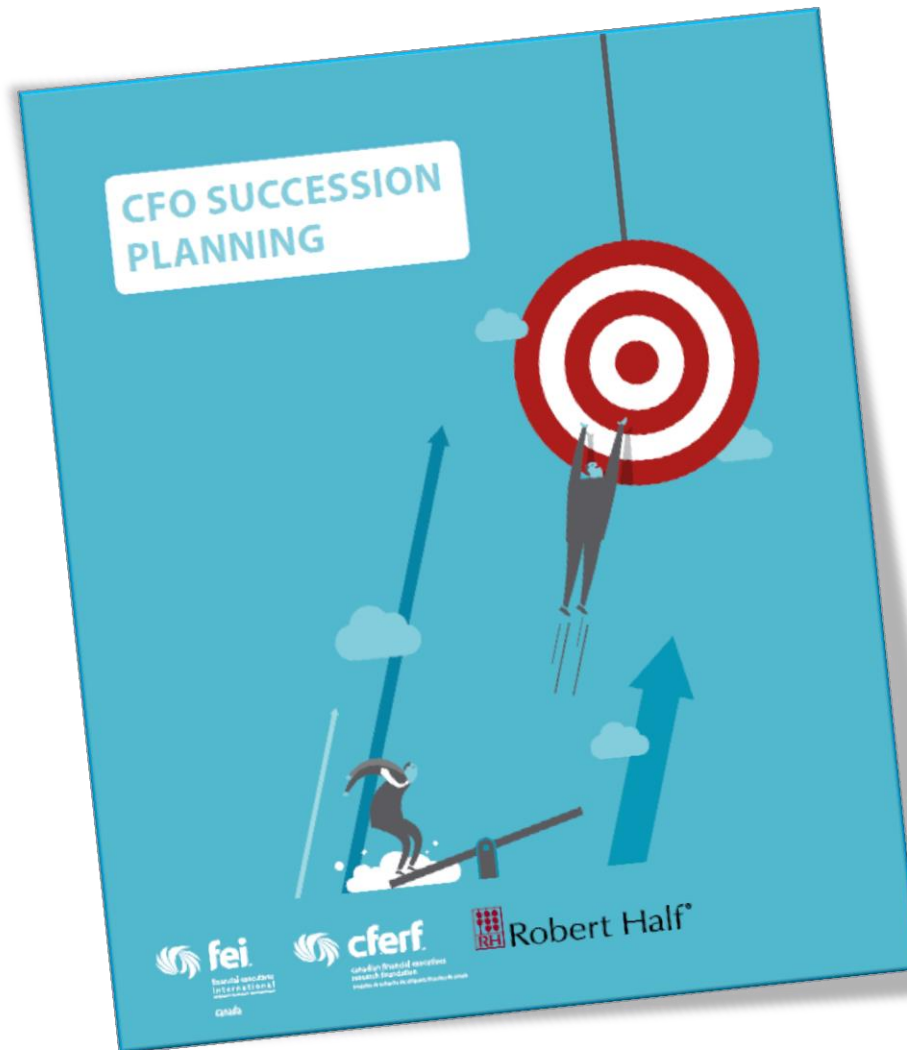
# Webinar panel



**Judy Munro** – Canadian President, Robert Half Executive Search

**Robert Dietrich** – CFO, S.A. Armstrong Limited

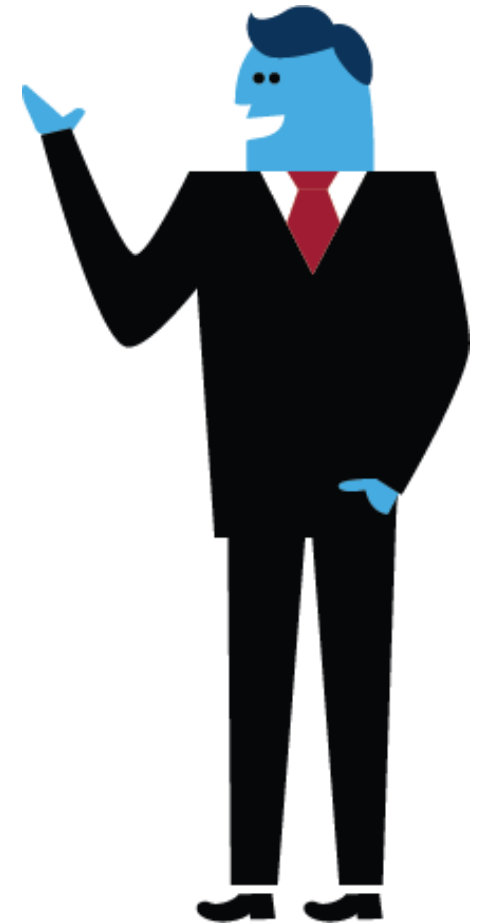
**Anthony Sigel** – Founding Partner, Kilmer Capital Partners Limited



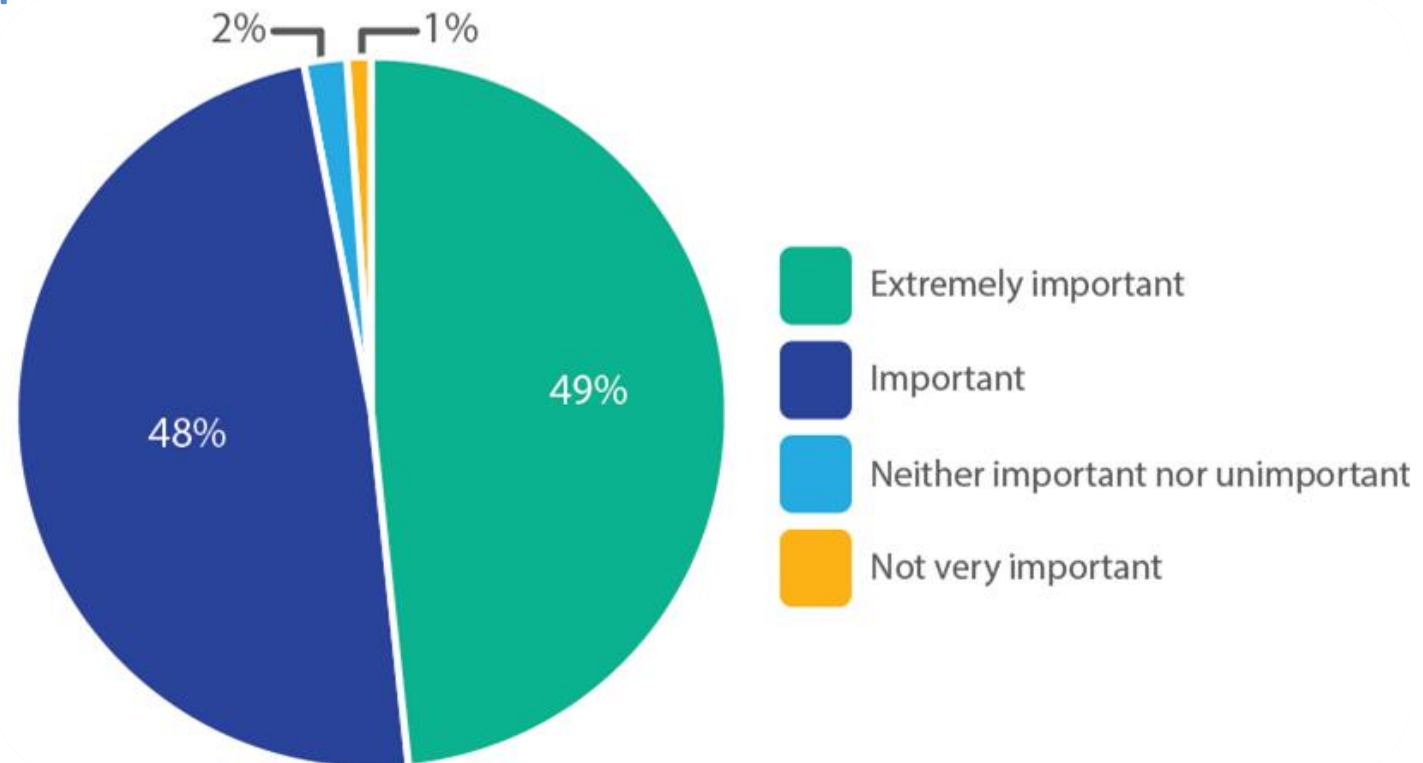
# Succession readiness is critical



The overwhelming majority of executives surveyed say succession readiness is critical to the success of the finance function.



## Importance of succession readiness in the finance function



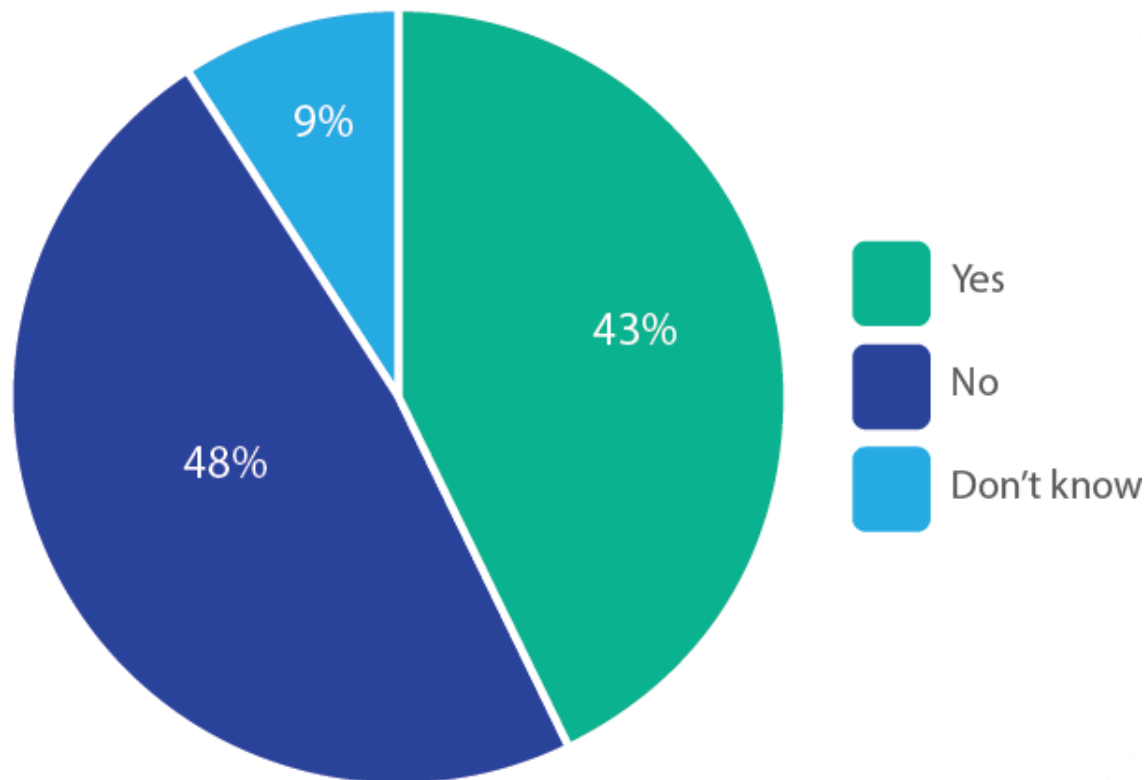
# Most have no succession plan

Despite the importance,  
**less than 43%** of survey  
respondents have a  
clearly defined CFO  
succession plan.

**43%**



Is there a clearly defined succession plan for the CFO?



# Smaller entities are least prepared

**Less than 33%** of survey participants from smaller companies had a clearly defined succession plan.

**33%**





## C-Suite Succession planning often overlooked in risk management

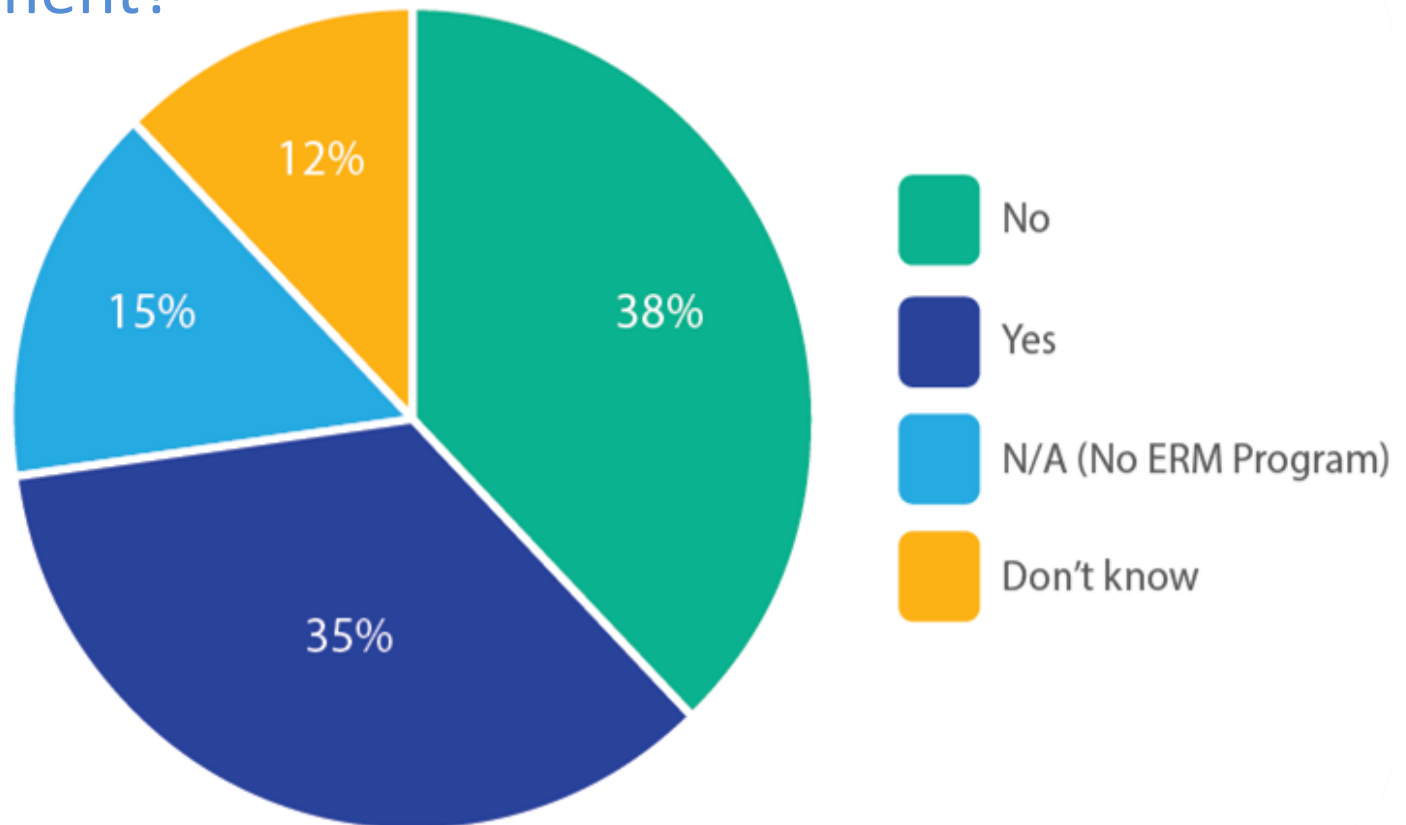


Only 35% of survey respondents indicated that their companies included C-Suite succession planning as part of their Enterprise Risk Management program.



35%

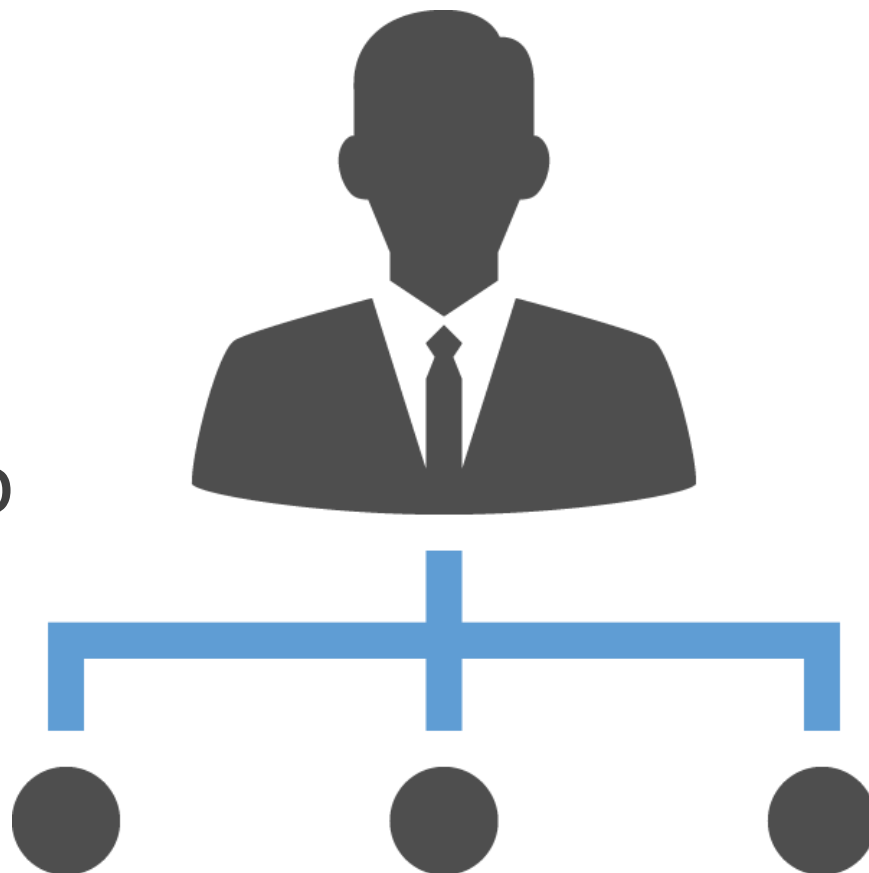
Is C-Suite succession planning part of your enterprise risk management?



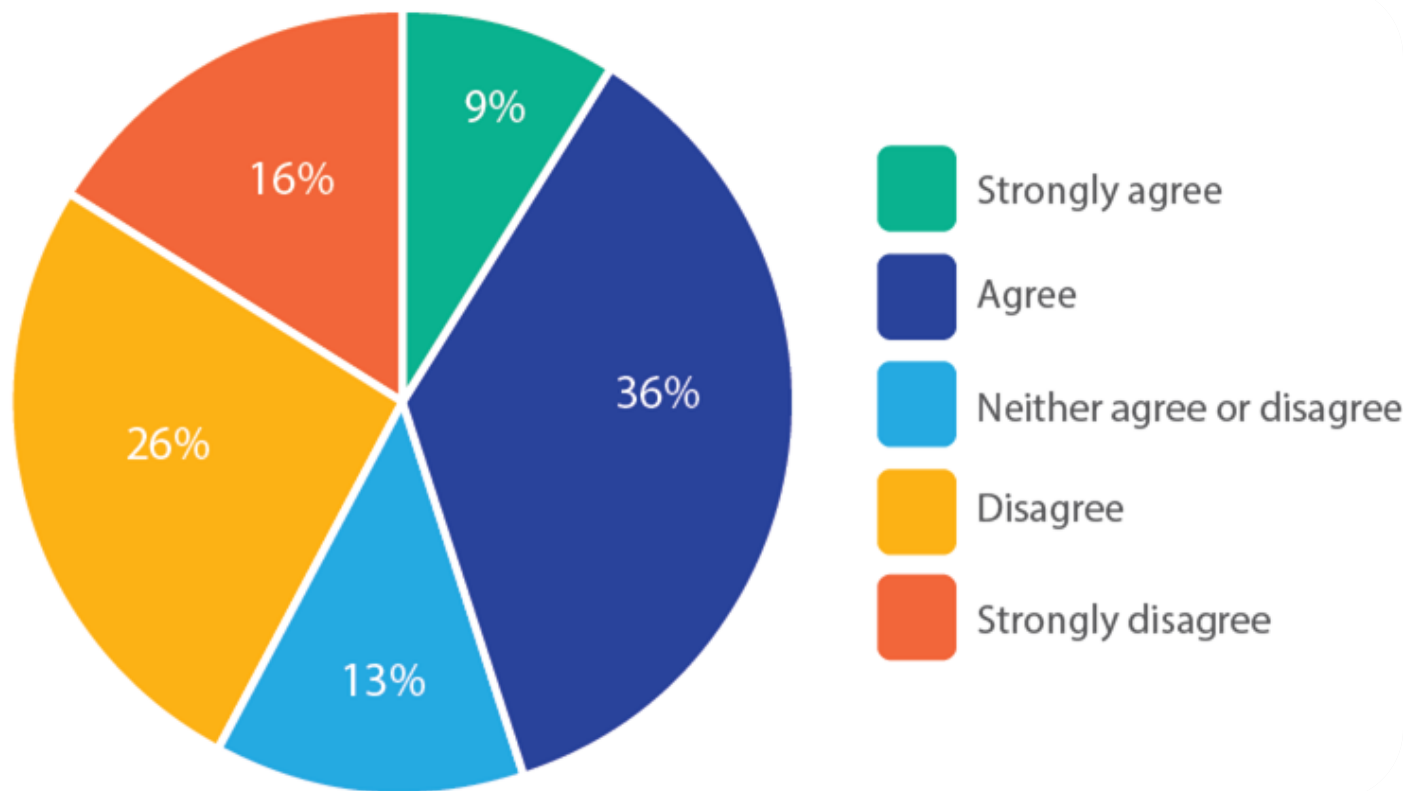
## Gap between stated priorities and practice

Only 45% of respondents say there is a qualified successor in place who could step into the CFO role.

**45%**



Is there a qualified successor at the organization who could readily step into the CFO role?



## CFO's not adequately grooming their successors



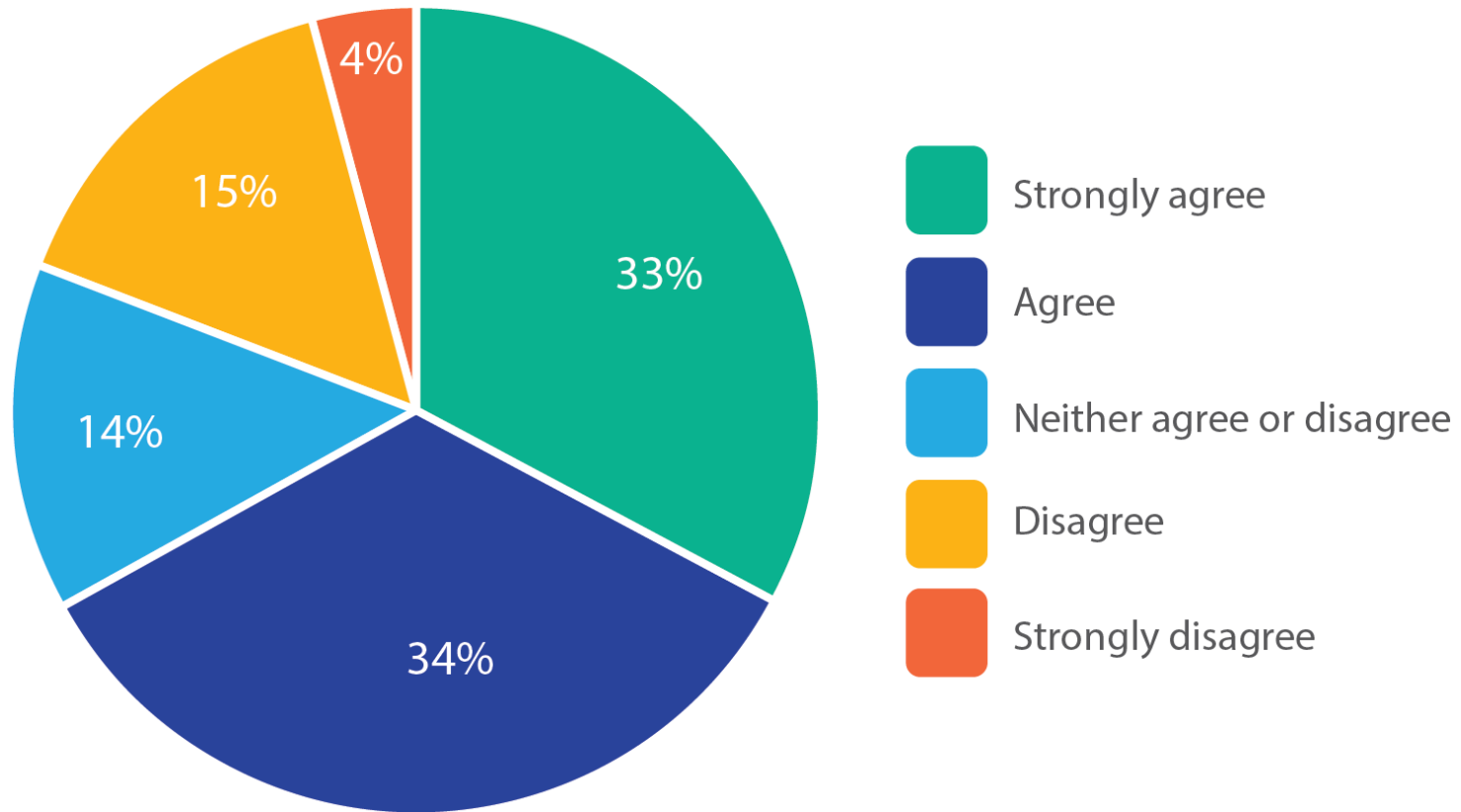
More than 66% of CFOs attend Board or CEO meetings alone without other finance staff.

Yet, effective interaction with the Board and CEO are critical CFO skills.

66%



## The CFO usually attends board meetings or meetings with the CEO alone



Talent identification and leadership development are critical components



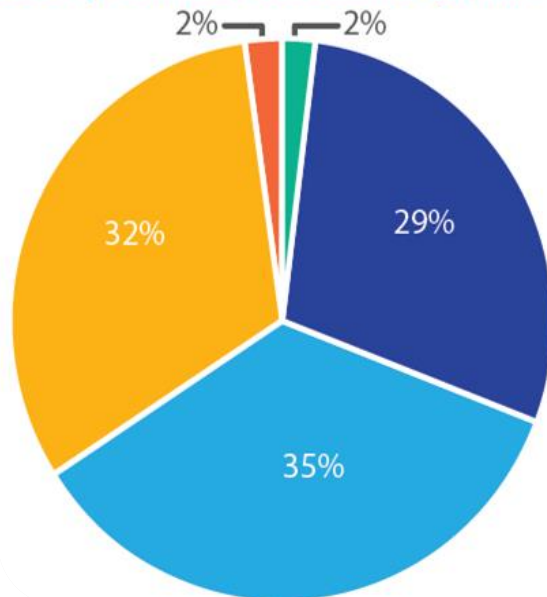
Over 80% of survey participants with succession plans regularly identify and assess potential talent for leadership training.

80%

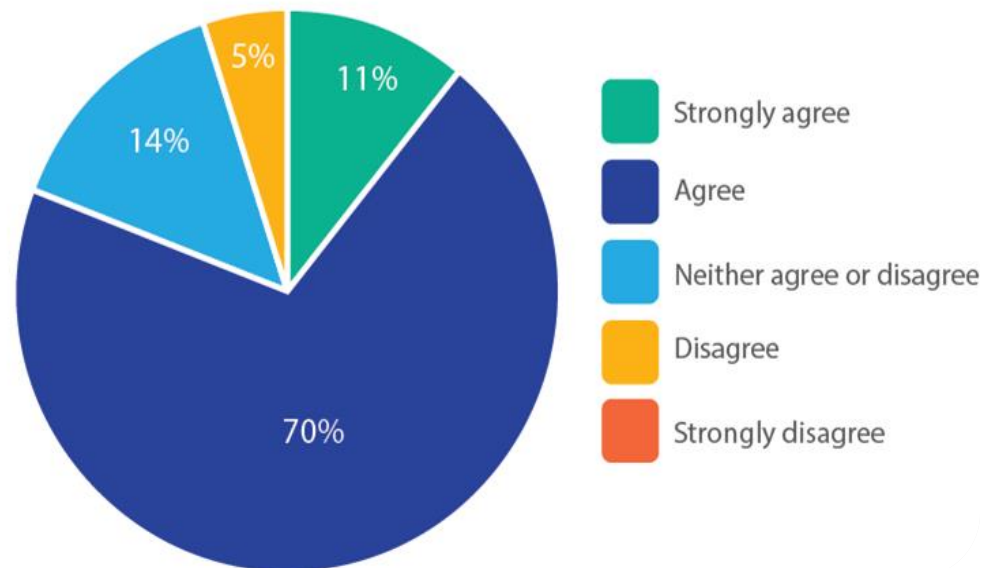


# Potential talent within finance is regularly identified and accessed for leadership training

Respondents at organizations without clearly defined succession plans:



Respondents at organizations with clearly defined succession plans:





# Strong retention of high potential talent

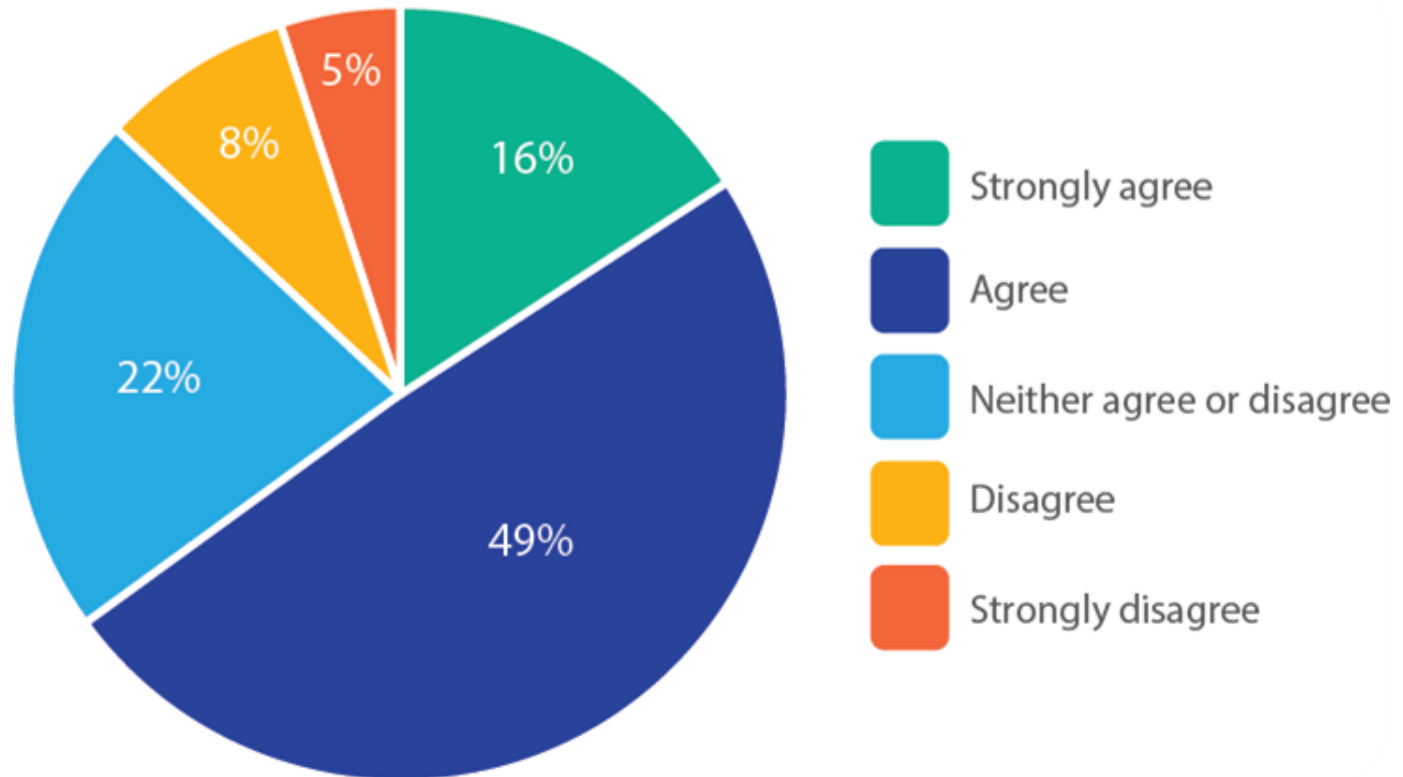


Strong retention rates for high potential internal financial candidates were reported by 65% of survey respondents.

**65%**

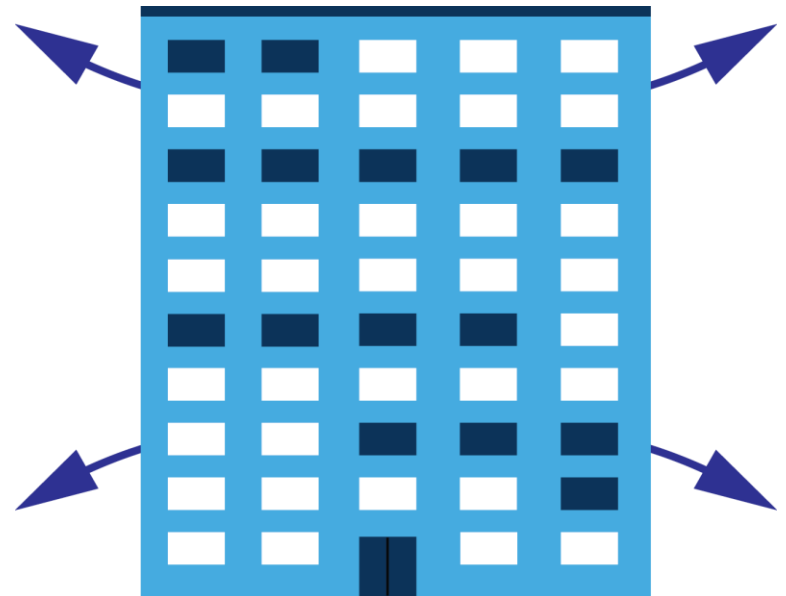


Companies indicating strong retention rates for high potential internal financial candidates.



# Sourcing for external talent rising

The majority of companies say they are experiencing an increased need to source finance professionals externally, although the need is less for those companies with succession plans.



# Factors driving external hires

- Limited internal talent pool
- Company growth
- Need for specialized skills and competencies
- Bring in outside perspectives
- Drive culture change



## Leadership and development potential critical for new hires

Leadership abilities and the potential for development are considered more critical than technical skills in the hiring of finance staff for 66% of companies with succession plans.

66%



# Top four desired CFO skills



- Strategic planning



- Risk management



- Executive team decision-making



- Corporate governance



“Boards should put more emphasis on strategic thinkers and risk managers as opposed to “bean counters”. CFOs should be thinking about where the company will be five years from now as opposed to where the company was last year.”  
– **Survey respondent**

“The CFO is a critical role in the C-Suite and a succession plan should also be critical.”  
– **Survey respondent**

**Organizations are **not**  
as succession ready  
as they need to be!**





# Polling question



What best describes your company's situation?

- a. We have a formal succession plan
- b. We have an informal succession plan
- c. We do not have a succession plan

# Small to medium businesses are most at risk



- Impact of a C-Suite departure is greater
- Leaner operations- shallow talent pool
- Limited resources- time, money



# What are SME's doing to be succession ready?



- Owner or C-Suite transition/retirement
- Strategic company growth
- Sudden departure of a C-level executive



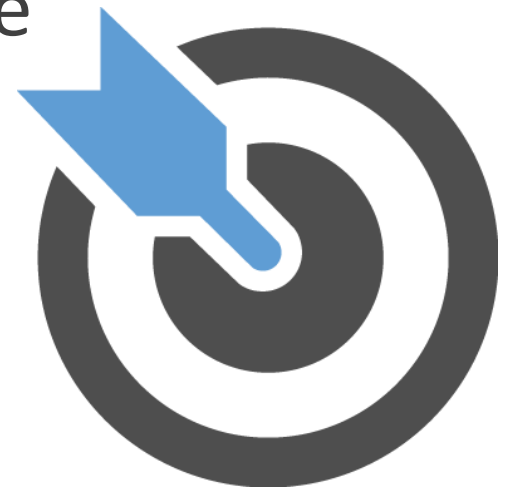
- Is there an identified successor?
- Is there a transition period?
- Skills assessment – is there a gap?  
Is there enough time to fill it?
- Will this trigger a sale of the company  
or a going public transaction?



# Do the skills of your executives meet your strategic growth needs?

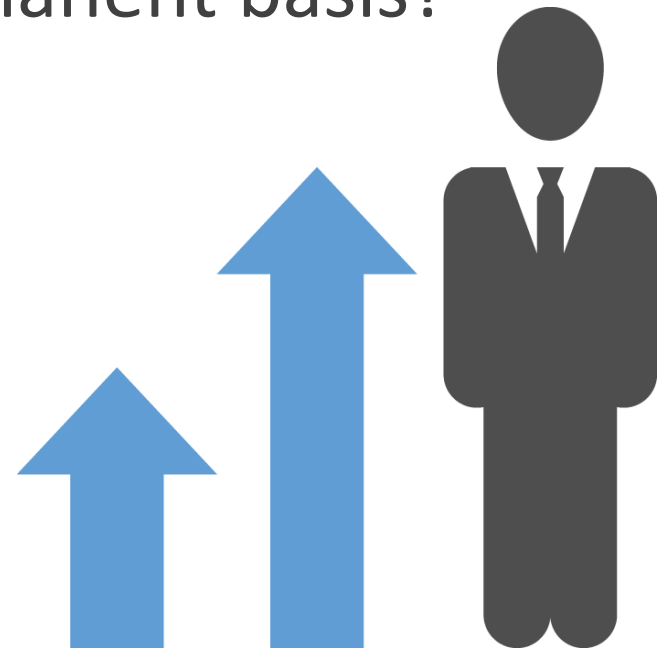


- What leadership resources are needed to take your company to the next level?
- What skills are required and do they exist within the company?
- Do we need to drive culture change and bring in fresh perspectives?



A key executive has suddenly departed –  
what now?

- **Don't panic!**
- Is there anyone in the organization who can step into the role on a permanent basis?  
Short-term basis?
- Short-term and long-term solutions



# Developing a succession plan

- Who owns it?
- What does it cost?
- Does it need to be formal? Written?



# Components of a succession plan

- Talent identification
- Skills assessment
- Professional development
- Cross functional training
- Interaction/exposure to the C-Suite





# Key Messages

- Succession planning is a process not an event
- Be prepared for the unexpected
- Don't panic – deal with the crisis and make good decisions for the long term
- Succession planning doesn't need to be formal to be effective

**START NOW!**



# C-Suite Succession Planning



**Are you ready?**





## **MODERATOR:**

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