

Case Study

Consulting Engineers Prepare for the Good Life

*“The future will depend on what we do in the present”
- Mahatma Gandhi*

Company Background

Based in western Sydney for over 30 years, this engineering consulting business has enjoyed strong growth since the current owners took over the business in the 1980's. With turnover of \$15m and employing a staff of 70, the business have built their success on delivering high quality practical solutions with a commitment to compliance, ethics, timeliness and budget constraints.

The Challenge

At some stage every business owner must sell or pass on - transition from - their business. Many will have predicated their post exit plans on having a nice nest egg from the sale of their business.

Irrespective of the reasons for exiting your business and the strategy you choose, seeking professional advice along the way will no doubt improve the outcome – with an estimated 80% of baby boomer business owners estimated to be planning an exit over the next 5 years, you should look to get all the help you can.

Having decided to make an orderly withdrawal from the day-to-day management of the business, the current directors needed to determine the most appropriate path to take to maximise their return on their past investment and provide a legacy for the staff who had helped them build the business. Options included the transfer of management and ownership to current staff, bringing in an external manager or selling the business.

The decision on how to exit the business was one of the most important of these Director's careers. It will determine the level of income they receive in retirement and could mean the difference between the collapse of the business or its continued success after their retirement.

The Solution

Inform Consulting Group was engaged to assist in the planning and implementation of an orderly and profitable exit from the business by the current owners. It was agreed to approach the project in a staged manner utilising Inform's proven Business transition Program.

Having identified from the current management team, three possible candidates to succeed the current Directors, the initial phase of the project was to determine the suitability of these potential successors for the current director roles.

The objective was to identify and/or confirm the strengths and weaknesses and overall suitability of the candidates for the leadership roles.

Firstly, the individuals were assessed for their temperament/behavioural compatibility for the role. This was done using proven diagnostics that delivered a personalised report on each individual – their suitability for the role and recommended development requirements.

The second step was to evaluate each individual's ability to fit the business needs of the role. While having been competent in their current technical management roles, were the candidates capable of running a business and managing managers? Through a process of self-evaluation, case studies and interviews, a detailed report on each individual highlighted the areas where development was required to meet the future management needs of the business.

During the process, Inform identified that the current organisation structure of the business was not sustainable in the absence of the current owners. A new structure was proposed with a single managing director and a management structure that provided clear delineation of roles and responsibilities. This revised structure was 'fine-tuned' in consultation with the exiting owners and provided an opportunity for the incoming Managing Director to be mentored by an existing owner prior to his departure.

For each candidate an individual development program was defined. This identified priority areas for development and recommendations as to how the needs would best be addressed (eg individual or group in-house training, coaching, attendance at external courses and mentoring by current Governing Directors).

With respect to developing the business skills of each individual, a plan focusing on the pragmatic application of core business skills that would assist the individuals to manage the business was developed and is being implemented.

The objective of this training was not to provide further theoretical knowledge, but to provide the individuals with pragmatic business knowledge from trainers who have "been there and done that".

In terms of developing their leadership capabilities, a series of one-to-one coaching sessions was made available to participants. These sessions are enabling participants to:

- Better understand their own thinking "styles" and the impact of those styles upon their effectiveness, health and wellbeing, job satisfaction and relationships with others
- Be more aware of how others see them, and are potentially impacted by their behaviour
- Identify those thinking and behaviour styles that have been proven to optimise individual and collective performance
- Develop a High-Performance Leadership Action Plan to enhance their personal effectiveness and maximise business outcomes
- Receive ongoing coaching and support to ensure their change efforts are sustained.

In relation to both business skills and leadership development, collective sessions involving key managers are being conducted through the transition period. This helped to reinforce learning, develop collective accountability, and establish a shared understanding of the expectations of managers within company.

The Outcome

One of the biggest concerns of the exiting partners was whether the opportunity for internal succession was real. Inform Consulting Group was able to provide a "green light" on this, much to the relief of the owners. Subject to some changes to business structure and personal development of the candidates – provided by Inform consultants - internal succession was possible.

Inform consultants have worked closely with the client to ensure all aspects of succession planning have been considered and addressed.

The change of management within any business in itself requires management. There are many players who need to be engaged during this process, both internal and external. To ensure a smooth transition, these disparate parties require management in a manner similar to conducting an orchestra. Inform Consulting have managed this process in a manner similar to conducting an orchestra. External and internal advisors and stakeholders were identified and engaged as necessary throughout the transition process ensuring the exiting partners had appropriate advice and guidance on business processes, insurance, financial planning, tax issues etc.

Engaging external advisors qualified to address specific requirements of business succession has ensured these business owners get the best return for their years on time and money invested, and they leave a legacy they can be proud of in retirement.

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