

Raymond Ackerman on succession planning

A practical and realistic approach is key to the successful hand-over of a family business from one generation to the next. Unfortunately, many South African family businesses fail in their attempts due to the absence of a formal succession plan. Old Mutual family business specialist, André Diederichs, spoke to Raymond Ackerman, well-known business personality and founder of the Pick n Pay Group of retail companies, about the challenges his company faced with succession planning.

Diederichs: Meticulous forward planning is key in the successful transfer of a family business from one generation to the next. How did you implement this process in your company?

Ackerman: In reviewing my fifth succession plan I realised that a family business should always look to appoint the best successor for the “job”, whether that person is an employee from inside the company or someone from the outside - there must be no compromise. Successor in this instance refers to the position of CEO and not the Chairman.

Diederichs: What is your preference - appointing a person from within the business or an outsider?

Ackerman: Although there is a tendency amongst family businesses to consider outsiders as their successors, one should not overlook the appointment of an employee from within the company. I am a great believer in building a business from within. Consequently, Pick n Pay has had two successors or CEOs that were appointed from within the ranks of our workforce.

Diederichs: Following the successful appointment of a successor, should the family still retain control of the business?

Ackerman: Without a doubt! Regardless of who takes over the reigns of a family business, the family should retain control of the business albeit through a chairmanship.

Diederichs: What is the present status within Pick n Pay regarding future succession planning?

Ackerman: I am presently grooming my three children, Gareth, John and Suzanne to take over. In doing so, I will assess each of them to see which one will be the most suitable successor. Gareth has been appointed Non-Executive Chairman effective 1 March 2010.

Diederichs: Lastly, what advice do you have for family businesses wishing to thrive in a globalised economy?

Ackerman: Don't be too focused on being an “internationalist.” Be conscious about what is going on abroad, but concentrate your business efforts inside South Africa. The key is to focus, focus, focus otherwise you may spread yourself too thin.

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