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PRIVATE WEALTH MANAGEMENT

# How to Identify Internal Next-Level Managers



Next-level managers are an integral part of planning for a successful future. They can come from inside or outside of the company, and you often have a choice about where you find them.

Many business owners want to install next-level managers from within the business. But how do you know if internal managers are up to the challenge? Here are a few strategies to consider, along with the consequences they can produce.

## **1. ASK THEM IF THEY'RE UP FOR IT**

An important part of installing next-level management from inside the company is to be sure that they're up for it. A good way to determine this is to just ask them.

You might have employees who you think would make excellent next-level managers. They perform beyond expectations, they're reliable, and you just plain like them.

However, it's not uncommon for excellent workers to not want to be managers. Some of your best employees just want to be employees, even if you think they have more potential.

Asking them if they can see themselves running a business can help you avoid making assumptions. Some employees may be eager to take on more responsibilities, which can help you begin the process of training them.

Others may not be sure, which can give you a chance to let them test the waters before you throw them in the deep end.



Still others will be flattered but have no real interest. The challenge with these employees is that they may feel an obligation to take you up on your offer because you're the boss. This can be a dangerous path, so it's crucial that you express that there's no obligation for them to take a path they're uninterested in and that you value their work regardless.



## **2. GIVE THEM INCENTIVE**

Next-level managers need proper incentives to perform. Creating an incentive plan and presenting it to a potential next-level manager can help you determine whether an internal employee has the proper expectations and drive to be a next-level manager.

In general, a good incentive plan for a next-level manager includes all of the following:

- 1. Performance standards that increase company value**
- 2. Specific standards they must meet delivered in writing**
- 3. Substantial motivation, often monetary**
- 4. Strategies that handcuff employees to the business (e.g., vesting)**

In other words, to find the people who can take your business to the next level, they need a plan that can help them take their career to the next level.

It's crucial to understand that many incentive plans require advisor guidance to properly motivate potential next-level managers. An Advisor Team can help you determine proper performance standards, design the plans to benefit managers and your company, and install contingencies should a potential next-level manager fail to achieve their goals.

## **3. LET THEM DO IT**

Once you've identified, incentivized, and begun training internal employees up for the challenges of next-level management, a next step is to let them do it.

It's important to remember that you may not want to hand over the reins right away. You'll likely want to give potential next-level managers some guard rails.

One way to let them try without handing over everything is to take a longer vacation. If, while you're on vacation, you find that you're still fielding basic questions and making important decisions, it could be a sign that the manager isn't ready (or qualified) to run the business.

On the other hand, if the business runs like a Swiss watch while you're gone, it could be a sign that your internal manager does indeed have the skill to one day run the business.

We strive to help business owners identify and prioritize their objectives with respect to their businesses, their employees, and their families. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.



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