

Case Study Activity on Succession Planning:

Shannon's Personnel Service, Inc.

Jennifer McGuire

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### **Introduction (1~2 pages)**

Many organizations face a significant problem today: the loss of experienced employees and the ever-changing world of business and technology. To remain competitive in the business world and the world of employee retention, organizations need to invest in employee development and have a way to keep these employees. Many organizations do not have a formal process to identify employees with the potential to be leaders, develop these employees to achieve these leadership roles, and ensure these employees remain with the organization (Pandey, 2014). Succession planning has customarily been used to identify employees for top-level organizational positions, but leadership happens at all levels of an organization (Kleinsorge, 2010). Succession planning should include all leadership positions, not just C-level positions.

Organizations are either reactive or proactive in their Succession Planning and Management (SP&M). However, for the strategy to be effective, they must be proactive and foresee what changes lie ahead. When organizing an SP&M strategy or process, an organization must consider the trends that are influencing SP&M in organizations today: “changing technology, increasing globalization, continuing cost containment, increasing speed in the market change, the growing importance of knowledge capital, and an increasing rate and magnitude of change” (Rothwell, 2016).

A trend that organizations face that is a challenge to SP&M is the lack of employee loyalty (Rothwell, 2016). Older generations were proud of their longevity with an organization and even the ability to retire from the organization. The trend now is to get whatever knowledge and training you can from an organization as quickly as possible and move on to the next organization. This makes SP&M challenging to implement and maintain. You may identify an employee worth investing time and money to develop for a leadership position. However, there

is no guarantee they will stay with the organization to use that training and development there.

Organizations need to factor this trend into their SP&M plan and find ways to combat the lack of loyalty and quick tenure of highly skilled employees.

Shannon's Personnel Service, Inc. (Shannon's) is a family-owned and operated housekeeping referral service in the Dallas/Fort Worth metroplex. They have been in business since 1985 and barely survived the shutdown that resulted from the pandemic in 2020. Their business is unique in that they do not employ housekeepers. They match their homeowner/clients with independent contractors/housekeepers. The company only has two official employees, the office manager, and the area manager. The targeted customer demographic is either a two-income family or a single person, both of whom do not have the time to keep up with maintenance cleaning. The business relies on customers with recurring service either weekly, every other week, or once a month. The mission of Shannon's is to provide personalized quality home cleaning.

I interviewed Karen Naughton, owner and President of Shannon's Personnel Service, Inc. She lives in Ireland and runs the business remotely, another unique aspect of this business model. Her responsibilities include all accounting functions, maintaining contracts with vendors, and ensuring all aspects of the business are maintained. She is not involved with the daily office operations of sales and scheduling, but she does ensure that the business continues to operate daily. Since she is the owner, Ms. Naughton is the person who has the final say in all things for the business. However, she relies on the office employees to be reliable, transparent, and trustworthy to keep the business running locally.

In the past, the biggest concern with succession planning has been replacing the area manager. There has never been an active succession management plan in place. The business has

continuously operated, assuming that the office manager would eventually move into the area manager position unless the owner or their children moved back to the US to assume this position. There was an office manager in place at one time that could have quickly taken over the role, but they did not stay with the organization. Unfortunately, being a small company, Shannon's does not have the resources to offer incentives for employees to stay long-term.

### **Case Study**

**How does your organization define succession planning? Workforce planning (if applicable)? Human Capital Management (if applicable)? Leadership Development (if applicable)?**

We are a small, family owned and operated business. Formal succession planning has never been a part of our business model. We have operated with the intent of our children taking over the business when they were grown. We have been fortunate enough to have an excellent area manager who has worked her way from a part-time receptionist to the highest position in the company not held by a family member. We saw her potential as a leader in our company within her first year of employment and invested the time to properly train her as a manager for the business. For the past 30 years she has been our best asset and we are sad to see her reach retirement age, but our son is at university completing his marketing and business degree so he can take over her role as area manager. The role of area manager will give him a better understanding of the business and give him a solid foundation to take over the role of President when the time comes.

**What is the purpose of your organization's succession planning program, and what led to the perceived need for it?**

We have never had a formal succession plan in place. It was always assumed the office manager or my children would take over the duties of area manager when it was necessary. We really panicked when our area manager suffered a major illness and was in a nursing home for six months recovering. We had no plan in place to ensure that the company would function without her. Her responsibilities included completing payroll and the weekly books and sending them to us in Ireland so we could produce payroll and ensure the business functioned at the corporate level. Without her, people were not getting paid, and we did not know how much money was deposited each week or the office statistics. These numbers are crucial to business operations. Our former manager that was mentioned earlier was gracious enough to step in and help us for a few weeks, but that was not a solution that could be maintained. This illness of our superstar area manager made us realize that she would not be around forever. We needed to put a plan in motion to ensure someone could take over daily operations.

**What measurable goals or objectives, if any, help to provide direction to your organization's succession planning program?**

I don't know that we have measurable goals or objectives. Our biggest goal right now is for our area manager to stick with us until our son completes university. The current office manager is not a good candidate to be area manager, so we are relying on our son to take over. He is learning about the business and using it as a model for his course work to help better prepare him for the future. He is excited to start working with the business daily. While I know the sales and scheduling side of the business, I am not a computer savvy person, so I do not know the ins and outs of working with the scheduling, bookkeeping, and the database with all of the client and housekeeper information using the system that is currently in place. The current area manager will need to train our son how to use the programs to complete the books, create

schedules, and maintain the database. She has so much knowledge that needs to be shared. If we lost that knowledge, it would be catastrophic to the company.

**What groups are targeted for participation in the program? Why were they selected?**

Due to the small size of our company, the position of Area Manager is the main target for our succession plan. This role is vital to the US operations of the business. They ensure that payroll is processed, and scheduling continues to function. They prepare the weekly books that the President uses to perform their duties. This person also acts as the President's agent in US operations. We learned the importance of this role when the current area manager was unable to perform their duties.

**Does your organization used job competencies, defined as characteristics that describe successful performance, as a key foundation for the succession program? If so, explain how. If not, explain what is a key foundation for the program.**

I do not fully understand what you are wanting with this question, but I would say that this position requires a person that is meticulous, tenacious, trustworthy, and transparent. The person in this position is basically running the business for us. We need to know that we can trust them to do so honestly. Anytime you are dealing with finances you need to have an eye for detail and to be precise. This person needs to be tenacious because the housekeepers and clients will push their boundaries. Both are contractually obligated to their schedules, and they will try to get out of their contracts. The area manager must be firm and hold each party to their contract.

**How is individual job performance assessed?**

Job performance is assessed by the number of housekeeping hours that are completed each week. At the beginning of each week the base and start hours are counted. Base hours are

the regular housekeeping appointment hours and start hours are the total hours (base hours plus occasional hours) that are already booked for the week. Ideally, we want to see a steady increase of both base and start each week. As base increases, this shows that occasional cleans are being turned into regular customers. As start increases, this shows that occasional and first-time clients are being booked. At the end of the week, we have end hours. This is the total amount of housecleaning hours performed and payment received for the week. This number should always be equal to start hours, but it is preferred to be greater than the start hours. If base and end numbers fall, then the managers are not performing well.

**How is individual preparedness for promotion assessed?**

Since we do not have a plan in place, we simply see how the business is growing. The area manager is important to keep the business running, but the office manager determines the overall success of the business. They are the person working in the office daily to ensure new orders are booked and regular clients are serviced. They are the person who initially deals with customer complaints. Their performance and the rate of business increase will determine if the office manager will be a good fit for the area manager position.

Our current office manager will not move into the area manager position. They are dependable in the sense that they show up to the office and answer the phones. Before the pandemic, hours had dropped dramatically, and we were looking to replace the office manager. We learned that they were more interested in having hours that were manageable for them to maintain alone rather than growing the hours. They did not do everything they could to save current clients or establish new ones. Unfortunately, living in Ireland makes a situation like this difficult.

Before the pandemic it was not feasible for us to drop everything and move to the US for six months to rebuild the office and find a new manager. The area manager was not able to take over the office manager duties full-time either due to their illness. We were in the process of planning to be in the US for up to year when the pandemic hit. Now we are unable to come to the US due to travel restrictions. Our business has dwindled down to almost nothing, but that has been a blessing in disguise. We were able to let the office manager go and have been working with the area manager to rebuild the company with virtual operations. This has bought us time to restructure and prepare for our son to take over the business from Ireland in a virtual environment.

**How is individual developmental planning carried out, if at all? (For instance, does your organization use an Individual Development Plan?)**

There has never been a formal individual development plan for any employee. I have always trained office managers how to run the office, sign on new housekeeper/contractors, and given them a manual. This manual provides all the information needed to run the business, including sales and appointment follow-up scripts.

**What activities -such as training, executive coaching, job rotations, and so forth - are used to build individual competence? How are those planned?**

Managers are trained either by me or the area manager. It is an on-the-job type of training. They are given the manual, asked to study it and then do a bit of role playing before they start answering phone calls. The area manager shows them the ins and outs of scheduling and paperwork. When I see business starting to decline, I will spend time roleplaying with managers to ensure they are following the scripts in the manual. The information in the manual guarantees success if they follow what is in it.



**What is the budget for the succession planning program, if you know it? How is the succession planning program evaluated? What measures or metrics are used to assess success?**

Since we have no formal program, there is no budget or evaluation in place for succession planning.

**What other comments would you like to make about your organizations succession planning program?**

I had no real knowledge of succession planning before this interview. I am grateful I was able to learn about this process. This has shown me that we have no real plan in place to ensure the company could continue to operate if something happened to a key player in our organization. We are a small operation, and we need some plan in place. We've already experienced several major setbacks—the major illness of our area manager and the pandemic—which made us realize we need to make some changes. We will definitely look into succession planning as an important business aspect for the future.

**Implication (2~3 pages)**

My interview experience was a rollercoaster of emotions. My initial intent was to interview the CHRO at Dallas College, where I work. She never replied to my request. I then approached the Senior Director of Talent Central, and she agreed. I sent her the questions in advance, and we were scheduled to meet on December 13. Yes, it limited my time to complete the study, but I was anxious to see how my organization would answer all the questions. My interviewee canceled a few hours before the scheduled time. They had finally looked at the questions and realized they did not have time to go in-depth with me for the interview.

I panicked because I did not know where to turn for an interview. Luckily, I received an email from Ms. Naughton asking me for some advice regarding Shannon's virtual operations. I told her about the interview and my situation. She was more than willing to meet with me via Zoom to conduct the interview. The interview experience with Karen was excellent. She was excited to learn what succession planning was and how the company could benefit from this process. She seriously considered each question and gave honest answers. She did not hesitate to let me know when she did not understand something. She took each question, answered it as much as possible, and knew her limitations. I learned a lot about how she sees the various positions in the company and how she evaluates the managers. I was the manager who left because the company could not give me what I needed to grow, and this process gave me a better understanding of Karen as a person and a boss.

Having worked for Shannon's in the office, I understand the employees' struggles. It is hard work for little pay. The highest position you can hope to achieve is the area manager position, and the pay is not a significant increase from the office manager pay. This business does not offer talent development for its employees. The only development offered is role-playing, and that only offers development for the job you are performing. Small businesses need to understand the importance of employee development and how the company can benefit from a small investment in this area.

This interview showed me that small, family-owned businesses might not know the importance of succession planning. Many of them may rely on the fact that their family will step in and take over the essential roles in the organization. Shannon's struggles due to a sudden illness of a key employee are a great example of how succession planning can be beneficial. Having that person groomed to assume that role could have easily stepped in temporarily to

ensure the business continued operations seamlessly. A succession plan could also ensure that family members are prepared to take their role in a family-owned business. Future research could include a survey of family-owned businesses and their succession planning process. The results of that survey could warrant a study on how to implement succession planning in that type of organization.

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