

INSIGHTS FROM GOELZER INVESTMENT MANAGEMENT

# *Leadership Development & Empathy in Succession Planning*

Succession planning naturally involves many issues for business owners and leaders of institutions to navigate. Governance, continuity planning, employee and shareholder agreements, tax, and legal issues, as well as communications strategies, come to mind.

Our firm has offered insights on succession planning at different stages of a company's lifecycle in our May 2024 Insights.<sup>1</sup> More recently, we discussed business transition and exit planning in an Indianapolis Business Journal Thought Leadership Series focused on owners preparing for liquidity events and long-term transitions.<sup>2</sup>

Yet, at its core, succession planning is about preparing and empowering the next leader or leaders to be successful, and that is about so much more than merely deciding who comes next.

## *Goelzer's Approach to Succession Planning*

As part of our services to our clients, we have provided succession advice to business owners and leaders of institutions for many years. And we practice what we preach.

In 2013, our leadership established our 20-year Big Hairy Audacious Goal (BHAG). Since that time, to help achieve that goal, we have expanded our leadership team, further specialized within our respective roles, adopted a more team-based, institutional approach to serving our clients, defined our career development program, and refined

our long-term planning and continuous improvement practices.

There is no "silver bullet," but some aspects are more critical than others. Long-term planning, of course. I contend that career development is truly at the top of the list. In our program, we start with every team member's vision for their career, looking five to ten years out. Leaders self-identify early, and they usually see a path forward.

Standing in the back of the room at the One America Tower in 2005, I remember then Governor-elect Daniels charging his new leaders—before they even started in the new administration—to identify their successors. Daniels said he wanted an A-team for the full term, and their most important job was to prepare their successor. What a lesson to learn so early in my career! Pair self-identification of leaders with an expectation that current leaders identify potential successors, and succession planning is underway.

The work, of course, is never finished. Last year at Goelzer, we began a new strategic planning effort to shape the remaining seven years of our BHAG. As we finalize that work, we are enhancing our growth projections, advancing key initiatives to enhance our client experience and strengthen how we attract and retain talent aligned with our culture, further strengthening institutional resilience, and updating aspects of our succession plans.



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### *The Human Side of Succession Planning*

Whether it is planning at Goelzer or for your business, your institution, or even your family's generational wealth transitions, no matter how well you plan, success always comes down to people. People make the difference. Thus, leaders must define and communicate the culture that guides people, and they must protect and allow the culture to evolve to meet today's and tomorrow's demands without losing what makes a business, an institution, or a family unique.

So much goes into executing on that charge. But nothing matters more than empathy. Empathy is the ability to understand and appreciate the thoughts, emotions, perspectives, and experiences of another person, particularly when they differ from one's own. Empathy, in the context of succession planning, is the ability to understand and thoughtfully navigate the perspectives, ambitions, concerns, and emotions of current leaders, future leaders, employees, clients, and other stakeholders before, during, and after periods of transition. No one has a monopoly on reality, but those who try to understand the world from another's perspective start several steps ahead.

Too often, businesses large and small become heavily dependent on founders, primary decision-makers, or "rainmakers." Relationships, authority, and organizational identity can become concentrated in one person or a few people. While that can work effectively for many years, it can also create fragility beneath the surface.

When clients are satisfied, growth is occurring, and leadership remains highly engaged, it can be easy to leave succession planning for another day. Then, at some point, reality intervenes: an unexpected retirement, burnout, health issues, or changing priorities. Regardless of the catalyst, leaders who wait too long discover that succession planning is harder to implement once urgency arrives.

With empathy, leaders can ask themselves: Does my continued service in this role best serve the organization for the foreseeable future? Has the role become my personal identity? If something went wrong, would we be ready? If we move too slowly,

will we have enough time to prepare the next generation? Will we lose talented individuals we want to retain if they see no path forward to grow?

Future leaders want to lead. (If they don't, you do not have the right people in line.) They must simultaneously demonstrate empathy to the outgoing leader as they move towards the new role.<sup>3</sup> Increased responsibilities and different experiences over time help develop patience, perspective, and capabilities, but the inherent desire to lead has to be managed.

More than 20 years ago, my friend and then boss Karl Browning sized me up as follows: "As far as I can tell, your biggest problem is you've never failed." While I had certainly failed before, his point was that I needed to really learn from failure. I didn't really get it then, but after 20 years of lessons learned, I understand the wisdom in his guidance. Next-generation leaders need real challenges.

As succession plans develop, not everyone can be privy to all the details. There will be those, especially those not selected to lead, who will be understandably uncomfortable. Such discomfort can reveal itself in challenging ways. Thus, thoughtful communication to the right people at the right time is essential—easy to say, harder to do.

### *Concluding Thoughts*

How could one write an article today without mentioning AI? It can certainly help frame plans tailored to your situation. At Goelzer, we have found the greatest value in career development planning, milestone-driven timelines, executive coaching, and empathy as we move forward together.

<sup>1</sup> David S. Alexander, "Business Succession Planning Considerations for Every Stage," Goelzer Insights, May 2024, [goelzerinc.com/insights\\_post/business-succession-planning-considerations-for-every-stage](https://goelzerinc.com/insights_post/business-succession-planning-considerations-for-every-stage).

<sup>2</sup> S. Michelle Jann, "When an Exit Is on the Horizon: Planning Considerations for Business Succession," Indianapolis Business Journal Thought Leadership Series, March 2026, [ibj.com/thought-leaderships/when-an-exit-is-on-the-horizon-031326](https://ibj.com/thought-leaderships/when-an-exit-is-on-the-horizon-031326).

<sup>3</sup> For an interesting article on this subject, see Jerusalem & Kwok, "The Vital Role of the Outgoing CEO," Harvard Business Review, July-August 2024, [hbr.org/2024/07/the-vital-role-of-the-outgoing-ceo](https://hbr.org/2024/07/the-vital-role-of-the-outgoing-ceo).

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