

Spotlight on Dr Craig West



DR CRAIG WEST IS A STRATEGIC ACCOUNTANT AND THE CHAIRMAN & FOUNDER OF SUCCESSION PLUS

which is a specialised advisory practice focused on small business owners to help them manage the four key strategic issues that SME's face as they grow – Raising Capital, Building Equity, Protecting that equity and extracting the value you have built when you exit.

WHAT DO YOU SEE AS MAJOR CHALLENGES IN THE BOARDROOM IN 2023?

I think there are major challenges for directors to watch out for:

1. Baby-boomers and succession

A lot of boomers have delayed retirement for various reasons and managing the largest transfer of wealth (whether that's a sale or a family transition) will be challenging – unfortunately many baby boomer business owners are hanging on too long (I have just done a succession plan which skips an entire generation as the owner's son was already in his late fifties) and are also often control freaks - this make succession more difficult and difficult plans take longer. My advice is to start as early as possible, in both management and ownership succession and big drivers of long-term value.

2. Technology and more specifically AI

We are starting to see the emergence of some fascinating technology – look at ChatGPT as a recent example – amazing technology that is a challenge but also an opportunity. Directors need be briefed by a futurist who can see, predict and advise on these majors shifts.

3. Climate and ESG

This trend has been building for some time – but is rapidly accelerating and has serious financial

implications. This is no longer a nice to have if you feel inclined – nor does “greenwashing” work. When banks start to revalue assets based on ESG and energy ratings for example this can have a serious impact on access to capital but also now influences clients and supply chain. Boards must get on-board urgently and assess the impact.

HOW ARE BUSINESSES VIEWING THE ECONOMY AND INTERNATIONAL ECONOMIC HEADWINDS?

I think many business owners are unfortunately badly informed / advised here – blame the media. There are multiple news pieces daily with widely varying opinions – mostly by ill-informed, unqualified commentators, often with vested interests. There are certainly headwinds, but there are also multiple opportunities within our economy and internationally. Look at climate change and ESG, the massive infrastructure program about to start in the USA and the rebuild of the UK economy post Brexit. Businesses need to have a long-term (think 10 + years) strategic financial plan (not just a FY budget) to guide them through good times and bad, build resilience in the balance sheet and allocate capital accordingly to take advantage of opportunities as they arise.

Get in touch with Craig via LinkedIn & website

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WHAT ARE THE KEY AGENDA ITEMS IN YOUR BOARDROOMS?

It remains a challenge to focus on long-term strategic planning – what is our Why? What is your exit strategy? We should all “begin with the end in mind” and be sales/exit/investment ready – having this framework in place will help guide decision making. A good balance of compliance and risk management is always important as is the discipline of a reporting package and a solid set of meaningful KPI's – forward looking activity based leading indicators. Boards should lead the way with structure and discipline and ensure the business is being led towards its key objectives in every decision, project and investment.

THE POWER OF NETWORKS - WHAT ARE YOUR BEDROCK PRINCIPLES OF NETWORKING?

I think networks (the number of people you can easily call on for expertise, help, advice etc.) are important but deep networks are far more valuable. Having 20,000 LinkedIn connections is fine and certainly looks good but you also need to have a close network of like-minded advisers, peers you can really rely on. Building this deep network takes time and effort (often for a very delayed benefit) and playing the long game here is vital. Investing, mainly time, in building this network is important. When I am in the car, I am always thinking who haven't I spoken to for a while? Who could I call and just say hi? In the same way, at every meeting I circle the bottom of the note page and this is because I always ask Who else can I introduce you to? On the same theme, when I make an introduction it is not just sharing a contact card on my mobile. I always write a detailed email, mentioning how I know this person, who they are (link to their LinkedIn profile) what their business is (link to their company website) – not a light touch, random, intro – but a start to building a deeper connection. I dedicate time to this in my diary, it has been crucial to success.

THE PROS AND CONS OF EMPLOYEE SHARE SCHEMES AND WHAT TO CHECK BEFORE BUYING SHARES THIS WAY.

I am a strong advocate for employee ownership, and it has certainly been trending lately – COVID-19, the great resignation, the tight labour market, and newer demands for flexible working arrangements have all led to this increased focus. The academic research is overwhelmingly positive – these plans work, they create a win-win-win arrangement where the business is better off (having retained good employees, focused them on adding real value and reducing staff turnover), the founders/owners are better off (they have a funded buyer in the wings and have reduced risk) and the employees are better off (both financially as they now equity in the business they work for but also have increased involvement and opportunity). Specialised advice is needed and poorly designed incentive plans is often a major issue for many businesses so building an employee ownership focused plan can help to attract, retain, reward and incentivise key people.

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