

Succession Planning Should Begin Early

By Murray Fraser, OLS, OLIP

There are 264 cadastral surveying firms who retain Certificates of Authorization with the Association of Ontario Land Surveyors (AOLS). These firms employ, or are owned and operated by 428 full time and six part time Ontario Land Surveyors licensed to undertake cadastral (legal) land surveys. It is estimated that the average age of the owner/chief executive officers of these firms is above age 50, and many are in their sixties approaching retirement. The AOLS has identified the issue of succession planning for businesses whose principals are retiring as a priority, to protect public interests and to reinforce the careers of younger cadastral surveyors.

Cadastral surveying is one of Ontario's oldest professions with roots deeply implanted in the Royal Institution of Chartered Surveyors in Great Britain. For five centuries, professional land surveyors have provided, and continue to provide a vital service to Ontario's public by determining extent of title of land and the current status of that extent in relation to abutting properties. A healthy and vibrant legal surveying profession is vital to Ontario's economy and community structure.

Owners and principals of cadastral surveying businesses must be aware of the reasons for succession planning and prepare their own succession plan in the early years of practice. If this has not been done and fully documented, business failure and personal financial disaster could be a heartbeat away.

Succession planning is a complicated minefield that needs input from specialists who know what is required for a smooth transition of ownership.

Not only must a succession plan accommodate personal estate planning, it must also set out the planning for change in management and ownership, and transfer of knowledge. In its simplest form, the owner/operator of a small legal surveying practice may prepay funeral expenses, bump up his/her life insurance, and perhaps add some form of business insurance so the company can operate until a spouse can sell it. But, what about work-in-progress, and responsibilities to employees or senior staff who have set career paths in cadastral surveying? The biggest challenge for the successors of a business is ownership and management of that business.

For members of the Association of Ontario Land Surveyors, the event carrying the most impact is the death of a principal or partner. Under law, the business cannot operate without a licensed surveyor. It may operate for a period under the supervision of another surveyor, but not for an unreasonable length of time. There has to be progress toward a permanent solution, or the Registrar is obliged to shut the business down by withdrawing its Certificate of Authorization.

Planning for succession begins when the current owner/principals agree that the business must continue after they leave the practice, and that selling to a competitor is not an option.

The transfer of leadership of the business then becomes paramount. Current principals need to set standards for performance and compensation, and minimum levels of education and experience to which future leaders can aspire. Introspective assessment of employees and their abilities in the areas of finance, sales, service, purchasing and research has to take place. Principals need to be mindful that the average university graduate is expected to have two or three careers before retirement. Plans need to be in place to keep promising successors within the firm, and provide them with fewer reasons to leave. Most firms would benefit from a plan that spells out the method of entrance and exit of its principals. Leadership evolves with the passage of time, and it will take a great effort to keep a firm's future leaders excited and willing to stay with the business for a full career.

A successor needs to be selected on the basis of a "fit" with plans for the future growth of a company. A person may not be a suitable leader if that person is satisfied with the status quo and is reluctant to embrace new technology and business practices. Current stakeholders of the practice must have confidence in the leader and the leader's management skills and knowledge base. And, without question, a successor needs full support from all employees, or the transition will be difficult.

When the time comes for the actual transfer of ownership, the decision must be clear on who gets to be the owner, all financial issues must be resolved in advance, and the new struc-

cont'd on page 29

It is estimated that the average age of the owner/chief executive officers of [cadastral surveying] firms is above age 50, and many are in their sixties approaching retirement.

By planning for succession, the future of cadastral survey businesses will not be left in the hands of others to direct.

ture for governing the operation should be in place and understood by employees. There should be an emergency plan in place in the event of a serious injury or death of a principal before a succession plan has been filed. All companies should have a policy in place that clearly spells out who is in charge in the event a principal is temporarily incapacitated.

Succession planning is a complicated minefield that needs input from specialists who know what is required for a smooth transition of ownership. Listen to your company advisors who may be accountants, lawyers and col-

leagues in the same business. By procrastinating on their advice, you could be leading your company and its employees into an unrecoverable situation. One of the places no surviving partners or spouse wish to be is before the courts where a judge decides the future of a business and its assets.

Ontario's cadastral land surveyors have limited options for passing their businesses on to successors. Practices are governed by a licensing body, and the credentials of successors play an important factor. With declining academic enrollment in programs offering courses that lead to the licensing of

cadastral surveyors, and limited opportunities for young surveyors who may one day have strong leadership skills to take ownership of established business at an early age, the challenge is certainly immediate for legal surveyors to address this issue.

Rare is the business that never suffers a setback that threatens to close its doors. By planning for succession, the future of cadastral survey businesses will not be left in the hands of others to direct. By acting early, principals of their businesses will indeed leave their mark as professional land surveyors.



Murray Fraser is a Past President of the AOLS and is currently a member of the Public Awareness Committee.