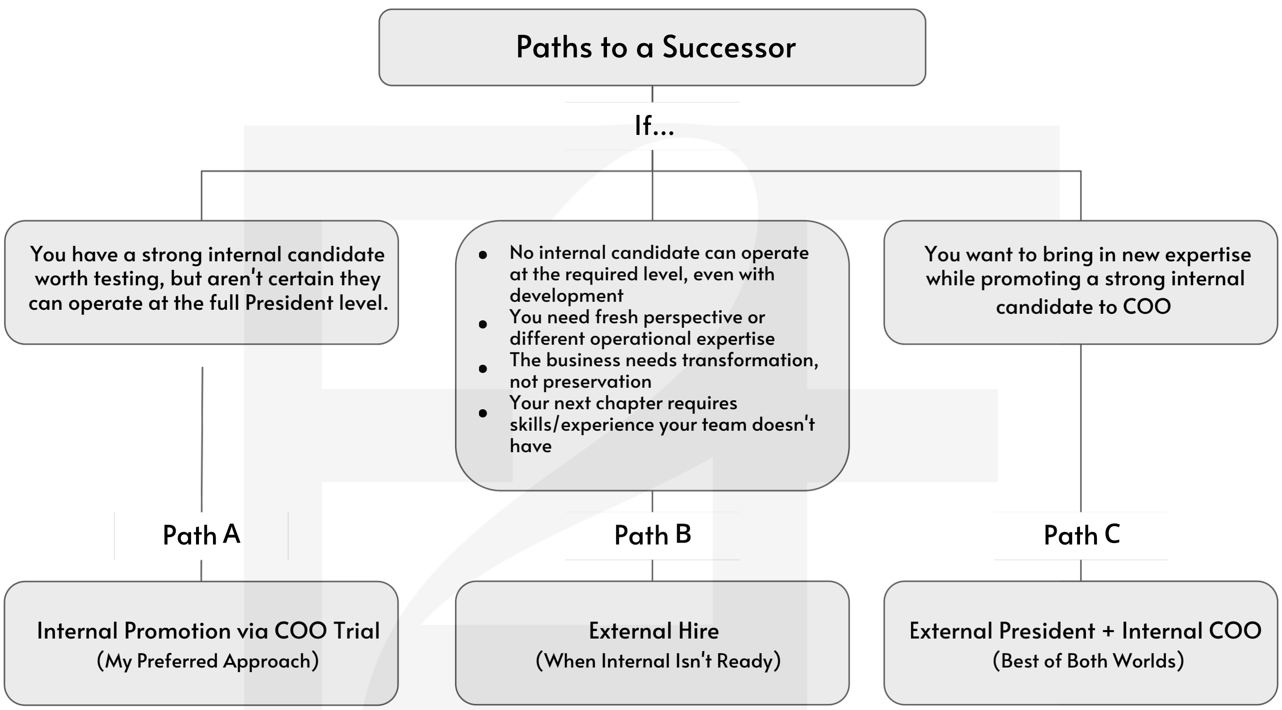
STEP 4: Find or Develop Your Successor

(Months 3+)

The Three-Path Decision Framework



Path A: Internal Promotion via COO Trial (My Preferred Approach)

Use this when you have a strong internal candidate worth testing, but aren't certain they can operate at the full President level.

The COO Proving Ground *(6-12 months)***:**

- Promote to COO with clear, measurable business objectives
- Define specific milestones with 6- and 12-month targets that demonstrate President-level readiness. Assess your candidate's progress at the 4 month mark.
  - If they are off track, pivot to Path 3 and begin your search for an external President.
  - If they are on track, continue toward a transition.
- Set explicit metrics: revenue targets, EBITDA goals, operational KPIs, team development outcomes
- Document what "success" looks like and what triggers promotion vs. external search at the 6- and 12- month marks. If anything is off, don't hesitate to begin your search for an external President.

Why this works:

- De-risks the decision with a structured evaluation period
- Preserves institutional knowledge and culture
- Creates your future COO if you hire an external President (they'll need one)
- Gives the candidate real authority to prove capability, not just potential

Example milestones for COO trial:

- Achieve X% revenue growth while maintaining EBITDA margins
- Successfully execute [specific strategic initiative] without founder involvement
- Develop and retain leadership team with minimal turnover
- Demonstrate decision-making authority on [operational areas]
- Run business independently during founder's 2+ week absence

Critical: *Make it a real trial, not a courtesy promotion***.** *Be explicit upfront: "Here's what President-level performance looks like. If you hit these marks, the role is yours. If not, we'll search externally and you'll be COO to that hire."*

Path B: External Hire (When Internal Isn't Ready)

External hire if:

- No internal candidate can operate at the required level, even with development
- You need fresh perspective or different operational expertise
- The business needs transformation, not preservation
- Your next chapter requires skills/experience your team doesn't have

Path C: External President + Internal COO (Best of Both Worlds)

Bring in an external President for new expertise while promoting a strong internal candidate to COO. This combination:

- Brings fresh strategic perspective
- Preserves institutional knowledge
- Creates clear succession pipeline
- Provides external hire with operational partner who knows the business

The CEO Title: Earn It, Don't Grant It

Regardless of path, reserve the CEO title for 2 years post-President promotion or hire.

Why wait:

- Titles matter. CEO signals ultimate authority–they need to earn that, not inherit it
- Creates clear performance milestone with real stakes
- Ties CEO title (and related compensation/perks) to demonstrated results, not tenure

The CEO Promotion Criteria:

- Revenue: $X achieved or Y% growth
- EBITDA: $X or Y% margin maintained/improved
- Strategic objectives: [specific to your business]
- Leadership: Team stability, succession planning, culture metrics
- Independence: Business runs without founder involvement

Action Item: *Write the promotion criteria now. Put it in their offer letter or promotion memo. Make it objective, measurable, and non-negotiable.*

Critical hiring principle (applies to all paths): *Hire for the next chapter, not the last one. Don't hire someone who does what you did. Hire someone who does what the business needs next.*

Action items:

- Choose your path based on internal readiness and business needs
- Define the role based on company needs 36-60 months out
- Be explicit about authority vs. responsibility (they need both)
- Set clear success metrics for COO trial period (if applicable)
- Document CEO promotion criteria with measurable targets
- Set milestones: 90 days, 6 months, 12 months, 2 years (CEO evaluation), 3 years, 5 years

STEP 5: Execute the Transition

(1st year post-hire, dependent on Path)

Warning: *Don't rush this process. Premature exits create chaos. Prolonged half-transitions create confusion about who's actually in charge.*

Phase 1: Shadow Period (Months 1-3)

- New leader observes and learns
- You're still making final calls
- They attend all key meetings and decisions
- Weekly debriefs on "why did we decide that?"

Phase 2: Reverse Shadow (Months 4-6)

- They make decisions, and you observe
- You coach and advise, but don't override
- Start removing yourself from operational meetings
- Bite your tongue frequently

Phase 3: Full Transition (Months 7-9)

- They're fully in the operator seat
- You're in your new defined role
- Stop attending operational meetings unless specifically requested
- Communication shifts to your new cadence
- You approve the budget and then the President has authority for the hires within it as long as EBITDA is on budget

Phase 4: Independence (Months 10-12)

- Business runs without your regular input
- You're available but not involved
- Successor owns the outcomes
- Authority levels are explicitly defined for unbudgeted hires and expenses

Next Steps:
You're almost to the finish line. In our final section, we will cover how to establish new rhythms, set clear approval boundaries, and resist the pull back into day-to-day operations.