

## Preparing the next generation of credit leaders

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When a credit professional retires or leaves a company, the organization is not just losing a valuable team member—it is often losing unparalleled knowledge and expertise. Transferring what took years to learn requires time, patience and a willingness to share and receive.

Although many will pass on this information, many do not—which can leave their successors at a disadvantage, trying to fill in the gaps while learning to take on the responsibilities of their new role.

**Why it matters:** Without a proper succession plan, credit departments risk losing the ability to transfer valuable expertise. Having a continuity plan can ease the transition, allowing the next generation of credit leaders to step into their new roles with confidence and the knowledge they need to succeed.

This knowledge gap is often the result of not having enough time or the capacity to pass on information. “Oftentimes, you’ll see experienced professionals unintentionally take key connections and industry-specific knowledge,” said JoAnn Malz, [CCE](#), [ICCE](#). “Experienced credit leaders of any industry also have the benefit of strengthening essential soft skills, like problem-solving and negotiation, which I find the most difficult to teach.”

## Building your succession plan

With the right succession plan, credit professionals can properly prepare their successor, team and company for their absence. One of the most challenging parts, however, is knowing where to start.

### #1: Replacement or delegation?

For some, it begins with determining whether someone will assume their role or whether their work will be delegated or distributed among others. If you are looking for a replacement, do you have someone in mind? Are you hiring from outside the company or promoting from within?

For some credit professionals, delegation is a double-edged sword. “As I broadened my expertise for my promotion, I learned how to delegate tasks while still being hands-on,” said Isaac Kotila, regional credit manager at Insulation Distributors Inc. (Chanhassen, MN). “I admit that because I’ve been so invested for so many years, it was difficult to relinquish some of that work. But I’m happy to see my contributions are still applicable in my department.”

### #2: Fine-tune your training process

Once you have decided, you can start thinking about the training process. How does this person learn best? Addressing their needs can help ease the transition and enhance understanding. “Find out what their learning style is and match it,” said Malz. “Do they need you to walk them through each process, or do they prefer learning from a written document? Do they need you to be available for questions? If so, will your company allow that? Some companies may not permit this due to confidentiality or privacy reasons.”

### #3: What’s your DOA?

Establishing a delegation of authority—especially for emergency situations—can ensure that procedures

are followed and responsibilities are assigned to the appropriate individuals. Malz suggests taking note of the decisions you make and the tasks you perform on a daily, weekly, monthly, quarterly and annual basis so that your successor can reference them later on.

#### **#4: Review policies and procedures**

Changes in leadership can significantly impact how a credit department operates. By reviewing and amending policies and procedures, credit professionals can ensure that the team continues to follow protocol. For companies that use artificial intelligence (AI), this is more important than ever, as laws and regulations surrounding its use are in constant flux.

#### **#5: Seek help from colleagues and peers**

The responsibility of building the succession plan does not have to fall solely on the exiting professional. With the help of the team, corresponding departments and industry peers, a clear framework can be established. “By sharing my thoughts and concerns with my predecessor, we were able to make the necessary changes during the transition phase,” said Kotila. “The feedback from our team members during meetings helped reshape strategies and even strengthened my reporting and presentation skills.”

#### **#6: Invest in training and education**

Credit professionals can develop the technical and soft skills required for their new roles through certification and educational programs. Prior to his promotion, Kotila and his colleague took a leadership course focused on people management. “Through the Impression Management Program, I learned about conflict resolution and working with different types of people, which is something I knew I would need for managing my team.”

**The bottom line:** Preparation is key to building strong, competent credit leaders. Even if the transition is not planned for another five years, it is never too early to start preparing so that your team and company can successfully navigate the change.

Credit professionals can prepare for organizational continuity at NACM’s peer learning lab, *Succession Planning: Preparing the Next Generation for Relationship-Based Accounts*, facilitated by Molly Ketcham at Credit Congress on June 10. Click [here](#) for more.

**A special note:** NACM extends its deepest gratitude to JoAnn Malz, [CCE](#), [ICCE](#), who retired from her position at The Imagine Group LLC on May 1. Throughout her career, JoAnn has given immeasurably to NACM and the broader credit community: serving as National Chair, facilitating educational sessions and webinars, teaching courses and sharing her expertise in *Business Credit* and *eNews*. Her commitment to elevating the profession and mentoring the next generation of credit leaders is greatly appreciated.