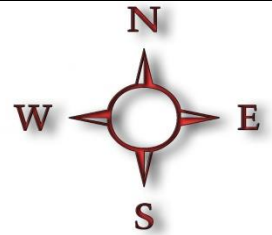




**Family Business
Succession Planning
Workbook**

Personal Prosperity



As you wrap up one career or phase of your life, it is important to be engaged in what comes next. Establishing personal objectives can be very hard (or very easy). Complete these exercises to create and share your personal objectives now and as you leave your business.

Three Concepts to Consider: Be, Do, Have

Who do you want to **Be**? What do you want to **Do**? What do you want to **Have**? To help you get started, consider the following:

BE ... Who is it you want to be? How do you want to be remembered and recognized? What is most important to you?

Family ... what do you want to them to feel, how do you want the relationships to be

Spiritual ... meditation, church etc.

Emotions ... how do you want to feel every day – Comfortable? Productive? Competitive? Secure? Etc.

Character... qualities you want to display

Friendship ... who, how many, how intimate

New Identities and roles ... who do you choose to be

DO ... Much of your happiness will come from planning and engaging in activities. What do you want to do?

Major Achievements ... Business, sports/hobbies, political leadership

Awards ... which ones, from whom, what for

Donations ... time/money, which charities, functions, amounts, volunteer hours, type of work

Sports/Special Events/Shows/Exhibits/Museums ... which ones, where and when

Vacations/Travel ... where, how many weeks per year, what class of travel

Hobbies ... what, how often, at what level

Health and Fitness ... diet, vitamins, what exercise, where, how long

Seminars ... **Classes**... how many a year ... what subjects

New jobs or careers... is there some new work you are ready to try

HAVE ... most people exiting a business have spent many years accumulating stuff so at this point what is most important for you to keep or add for your happiness

Houses ... How many ... where ... worth ... each one: #beds/baths, other rooms, views, outside, fixtures

Cars ... **Trucks**... make, model, year, color

Boats ... make, model, color, # berths, names

Recreational Equipment... bikes, skis, skates, kayaks, ATV, airplanes

Art ... paintings, sculptures, photographs, memorabilia

Investments ... Self-managed funds, retirement funds

Other Considerations: What new experiences will you seek? What legacy do you want to leave? Discuss all of this with your spouse. If you are still stuck, start with a list of what you “don’t want to have happen” and then work into what you “do want”

Who I want to Be?

What I want to Do?

What I want to Have?

Describe your ideal life 5 years from now – how are you spending your time? What have you done? Accomplished? Who have you helped?

Business Objectives



Everyone has different expectations for the future of their business as they pass it to the next generation. Defining yours will make the transition simpler.

Your vision of the business 5 years from today

Core values or principles you want the business to follow

Describe how you want ownership and control to be divided

Describe how you want profits and salaries to be decided and paid

Who makes, and how, the biggest decisions? – Management succession, Acquisitions, Major expenditures, Merging or selling. Who holds management accountable for success?

Commitments to family and non-family employees that you want to ensure are fulfilled



Financial and Estate Plans

Personal financial security and estate planning are important parts of the succession planning process. Work with a financial planner and attorney to build the right plan for you. Some things you should be prepared to answer include:

Description of your lifestyle and the financial requirements to fulfill it

Description of financial contributions, donations, gifts, or other assistance you want to provide

Value of your liquid and non-liquid assets outside the business and how you will use them to fund your lifestyle and other financial objectives

Will your assets outside the business cover your expenses or do you need compensation from the business

Regardless of your financial need, how much and in what form (lump sum, ongoing payments, consulting fees, lifetime guarantee, etc.) do you think you should be paid for the business

How do you want to consider the value of your business in your estate plan if you are leaving different assets to different family members or other individuals/entities

Family Considerations



Building healthy beneficial relationships within your family while managing the business and its succession is important for the long term prosperity of both

How do you connect with and enjoy time with individual family members outside of business

Guidelines for when you will discuss business with family and when you won't

Roles you see in the next 5 years for each family member who is working in the business. Any new family members likely to join the business?

Are family members entitled to jobs within the business? What types of jobs?

If ownership is distributed to multiple family members, how do you envision decisions will be made, particularly decisions that aren't unanimous, that carry significant risk, that impact the employment or financial well-being of family members?

How should family hold you accountable for exiting? What is your timeline? How do you want to be reminded that it is time to exit?

Management Succession

Selecting and preparing the next generation of leadership requires time and patience – and the recognition that sometimes the next generation aren't the right people to run the business



Skills, Knowledge, and Capabilities

Leading, managing, and profitably running a business requires a wide range of capabilities. To identify and develop your successor you first need an honest assessment of the people you hope will take over. This list will get you started. For each potential successor, rank them on:

	Not Ready at all	Just Developing	Okay but more to learn	Pretty sure they can handle it	Real strength for them
Knowledge of company strategy					
Ability to think strategically					
Financial Management					
Tactical knowledge of operations					
Marketing knowledge					
Ability to Sell					
Leadership and Management skills					
Personal Effectiveness					
Goal setting and their vision for company					

Development plan to address limitations in the next generation: Training programs, Coaching and Mentoring, Slow increases in responsibility, Moving into multiple jobs, New projects, etc.

Other ideas for developing next generation

- Assign them to lead a new company initiative, preferably with P & L responsibility
- Assign them to lead creation of the annual budget
- Put them in a position where they will struggle – adversity builds character
- Have them report to a manager who isn't family
- Put them in sales – no better way to learn the business, handling rejection, working independently, and how to build relationships
- Let them manage a small team and watch closely what happens
- Encourage them to work outside the family business for a time
- Sure they can shadow someone, but they need a real job with real responsibility and real accountability
- Hire the people they will need in the future to complement their skills and style

Unless your business is quite small, your existing team of employees will be a part of the succession. You may have key managers or key contributors leading finance, H/R, sales and marketing, and various operations roles. For each key manager or key contributor:

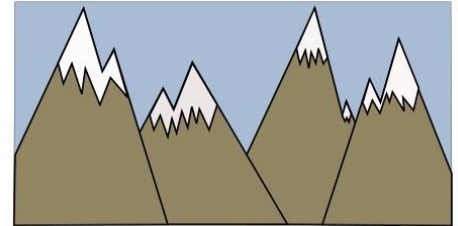
Key Employee	When might they retire?	Do they respect your successor?	Do you need to incent them to stay?

Who are the key outside relationships that need to be transferred to the new management? Make a list of customers, suppliers, partners, service providers, etc. and make plans to introduce your successor into the relationship. Preferably they should have time to work on something together – not just a meet and greet

Your successor should have their own goals, vision, and drive to accomplish something when it is their turn to lead the business. Where do they want to take the family business?

Succession Needs a Schedule

Succession plans only work when you put disciplined effort into them. Just like anything else. So set a schedule and specific goals. And a plan for accountability.



Mon	Tue	Wed	Thr	Fri	Sat	Sun
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

	Date complete by:
Your last day as an active employee is targeted for:	
Operations transition by:	
Sales and marketing transition by:	
Finance transition by:	
Strategic planning transition by:	
Other _____ transition by:	
Other _____ transition by:	
Define ownership transfer plan and begin process by:	
Implement governance/oversight plan by:	

Define a schedule of meetings to discuss Succession steps and progress. If you are 2 years from complete succession, a monthly meeting will work. But in the last year this should be a weekly meeting

Who is going to hold you accountable to the succession plan? Don't be the dreaded "lingering departing owner" who just won't leave. Publish your plans and schedule. Ask trusted employees, your spouse, other family members, or outside advisors to hold you accountable

Lastly, expect your plans to be impacted by outside factors beyond your control. So revisit your overall plan at least annually. Date of next plan review: _____