



Succession Planning



[1]We've been thinking about succession planning, and how it relates equally to families and businesses. Unfortunately, the state of preparedness in either arena is pretty abysmal, but we hadn't known how dismal until recently when we heard from a friend who works in the financial arena. His work is part of what some might call our country's "Formal Safety Net." He sent us a link to "Questions to Consider Before You Transfer Your Business" ([U.S. Trust Magazine, 2013](#) [2]).

In this article it was stated that **private business owners, who spent so much time creating and building their business, tend to devote surprisingly little attention to how and when they will make their exit, or what will happen to the business when they do.**

"Many business owners say they don't believe a plan is needed until they are ready to retire, and they are not ready to retire anytime soon." But if you think about businesses you've known, **can't you think of a few times when it was something other than retirement that caused a change in ownership?**

A recent survey of private business owners, asked to talk about their "succession plan," found that less than half (45%) have a formal succession plan in place, and only 10% have anything written down; 28% haven't yet made any decision about what will happen once they leave; and 24% said **they don't believe they even need a succession plan. What, we wonder, would they do if something happened, in terms of succession, before they expected it?**

It's also important to know that 50% of the private companies in the United States are now owned by **women, who are less likely than men to have a formal succession plan.** Yet we know that women care greatly about having solid "Informal Safety Nets" in place for children and families. We don't understand this unless it's also true that the women are relying on more solid "Informal Safety Nets" - that web based on relationships and reputation.

In an organization, good "succession planning" would ensure that as employees are recruited, their knowledge, skills, and abilities are developed, and they are prepared for advancement or promotion into ever more challenging and changing roles. As the organization expands (or contracts), or loses or gains key employees or has new ownership, succession planning helps everyone from employees, to consumers, to leaders know what their role will be and what will come next. Business planners advise owners that **succession planning is a matter of strong planning practices in management, not a matter of sudden crisis management.**



[3]This same approach is essential for families. When it comes to you and your family, planning begins today. **Planning for the next stages or phases of your life - as opposed to waiting for a sudden crisis - will certainly provide better outcomes.** Using available resources (formal, informal, relevant services & organizations, along with engaging the people you know or can know) - brings

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together the best set of needed factors to build a flexible, strong and resilient net - and beginning should start today. But how?

Here are a few succession planning ideas *for your family*:

- Think about, and write down, what kinds of skills will be needed for those who might need to take over for you if you need or want help. What experience would you think best? When might they get involved?
- Remember: since you're part of a greater community, start listing out things you do well and can offer others - competencies and preferences - if you're called upon to assist others.
- Think of who would be best for key roles for providing help or succession? Clearly this begins early. Some may not want, or be able to fill the roles you envision. Or maybe they need time to get ready. You may have thought of some things that you'll want done that don't have anyone who seems ready - this will take thought and planning! Who else? How else?
- Understand that succession often fails because of "poor expression of feelings and wants"- poor and ineffective communication. It can be a really good idea to write out what you want to ask for & what you need, as well as your understanding of what someone else has said to you.
- Know that control - having it and giving it up or sharing it with others - is a major issue in the context of succession. (Needless to say, PSN finds the same problem can exist when building a personal safety net. We stress everyone remember whose life it is - and what everyone's role is. If you want to help, fine. If you want to be in charge of another, its probably not going to work).
- **Do your best to be true to yourselves when you look at your life. Sharing, honestly and directly (even as you're vulnerable) will help you achieve your goals and let others see where and how they can help you.**

Wherever you are in your life, everyone needs a plan - and to achieve that plan, we all need help. The idea of a PSN is that we are better together!

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[1] <https://personalsafetynets.org/file/147>

[2] <https://www.ml.com/articles/smart-ways-to-transfer-the-family-business.html>

[3] <https://personalsafetynets.org/file/148>