

BUSINESS SUCCESSION PLANNING

Business Succession Planning Definition

'The process of finding suitable people and preparing them to replace important executives in an organisation when these executives leave or retire.' - Cambridge Dictionary

The BENEFITS of Succession Planning

- ✓ **Reveals** vulnerabilities
- ✓ **Saves** time and money
- ✓ **Offers** peace of mind
- ✓ **Preserves** brand identity/reputation
- ✓ **Makes** for a smoother business transition
- ✓ **Protects** the business from sudden change
- ✓ **Prepares** a successor for future responsibilities
- ✓ **Enables** knowledge transfer/process refinements



Why is Succession Planning IMPORTANT?

Important part of estate planning. It **eliminates any confusion** as to who will take over the business when an owner becomes incapacitated, retires or dies.

Without a succession plan or strategy in place, essentially the business expires with the owner.



QUESTIONS



Who will run the business when the owner steps down?

Will the company have what it needs to continue to operate successfully?

Will there be enough cash flow to cover any debts or taxes?

The **FOUR MAIN STAGES** in the succession planning process involve:



SELECTION



INITIATION



EDUCATION



TRANSITION

Succession Planning in Four Simple Steps

CHOOSE A SUCCESSOR

Your successor could be :



A Family Member



A Business Partner



An Employee



An External Buyer

A prospective successor should be:

Supportive | Proactive | Adaptable | Problem-solver

Able to take on responsibility | Engaged with learning & development

VALUE YOUR BUSINESS

A GOOD VALUATION IS IMPORTANT when developing a business succession plan as it helps understand what your **business is currently worth**.

CREATE A PLAN / KEEP IT CURRENT

CREATE

REVIEW

ADAPT

RENEW

Create your plan and **REVIEW IT REGULARLY** to ensure it is **up to date** should any circumstances change or in the event of an earlier exit than anticipated.

FINAL HANDOVER

If you have made a **CLEAR AND CURRENT SUCCESSION PLAN**, you should be able to simply: **HANDOVER THE BUSINESS, CREATE A SMOOTH TRANSITION** and **MITIGATE DISRUPTION TO THE BUSINESS**.

"A Leaders lasting value is measured by succession." – John C. Maxwell