



How Much Risk Is Right For You?

Management Succession Course Assessment Forms and Scoring

INSTRUCTIONS

This set of Management Succession Assessment Forms is designed to help you assess some key components of management succession. The components are communication, formalized management, perspectives assessment, business communication, managing conflict, and the succession planning process.

For each section read the statements carefully and rate your level of agreement between 1 and 7 with 1 being strongly disagree and 7 being strongly agree. Once you have rated all the statements in a section, use the scoring guidelines below to evaluate how prepared you are for management succession.

COMMUNICATION

Step #1: Add the scores for questions 1, 2, 3, 4, 6, 10, 11, 12, 15, 16, 18, 20, 24 and 25. Multiply the total by 3.

Step #2: Add the scores for questions 5, 7, 8, 9, 13, 14, 17, 19, 21, 22, 23, 26 and 27. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (294 – 385) Congratulations! Your communication skills score is strong and suggests a high chance of a successful business transition.

Yellow (92 – 293) Caution! Your communication skills score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 91) Alert! Your communication skills score indicates attention is needed to increase the chances of a successful business transition.

FORMALIZED MANAGEMENT

Step #1: Add the scores for questions 3, 5, 6, 8, 14, 15, 18, 19, 21, 24, 25, 26, 28, 29, 32, 35, 38, 41, 42 and 43. Multiply the total by 3.

Step #2: Add the scores for questions 1, 2, 4, 7, 9, 10, 11, 12, 13, 16, 17, 20, 22, 23, 27, 30, 31, 33, 34, 36, 37, 39 and 40. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (420 – 567) Congratulations! Your formalized management score is strong and suggests a high chance of a successful business transition.

Yellow (162 – 419) Caution! Your formalized management score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 161) Alert! Your formalized management score indicates attention is needed to increase the chances of a successful business transition.

PERSPECTIVES ASSESSMENT

Step #1: Add the scores for questions 1, 2, 4, 7, 8, 10, 12, 17, 18, 19, 20, 25, 26, 27, 28, 32, 33, 34, 35, 36, 37, 39, 42 and 43. Multiply the total by 3.

Step #2: Add the scores for questions 3, 5, 6, 9, 11, 13, 14, 15, 16, 21, 22, 23, 24, 29, 30, 31, 38, 40 and 41. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (504 – 637) Congratulations! Your perspectives score is strong and suggests a high chance of a successful business transition.

Yellow (134 – 503) Caution! Your perspectives score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 133) Alert! Your perspectives score indicates attention is needed to increase the chances of a successful business transition.

BUSINESS COMMUNICATION

Step #1: Add the scores for questions 2, 4 and 5. Multiply the total by 3.

Step #2: Add the scores for questions 1, 3, 6, 7, 8 and 9. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (63 – 105) Congratulations! Your business communication score is strong and suggests a high chance of a successful business transition.

Yellow (43 – 62) Caution! Your business communications score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 42) Alert! Your business communications score indicates attention is needed to increase the chances of a successful business transition.

MANAGING CONFLICT

Step #1: Add the scores for questions 1, 2, 4, 6, 11, 12, 13, 15 and 16. Multiply the total by 3.

Step #2: Add the scores for questions 3, 5, 7, 8, 9, 10, 14, 17, 18 and 19. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (189 – 259) Congratulations! Your managing conflict score is strong and suggests a high chance of a successful business transition.

Yellow (71 – 188) Caution! Your managing conflict score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 70) Alert! Your managing conflict score indicates attention is needed to increase the chances of a successful business transition.

SUCCESSION PLANNING PROCESS

Step #1: Add the scores for questions 1, 2, 3, 4, 5, 8, 10, 14, 18, 19, 22, 24, 25 and 28. Multiply the total by 3.

Step #2: Add the scores for questions 6, 7, 9, 11, 12, 13, 15, 16, 17, 20, 21, 23, 26, 27, 29 and 30. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (294 – 406) Congratulations! Your succession planning score is strong and suggests a high chance of a successful business transition.

Yellow (113 – 293) Caution! Your succession planning score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 112) Alert! Your succession planning score indicates attention is needed to increase the chances of a successful business transition.

COMMUNICATION

Agree - Disagree

7

1

| | | |
|----|--|--|
| 1 | Our family effectively uses questioning to improve communication and information exchange. | |
| 2 | Our family continuously evaluates how well we are communicating. | |
| 3 | Our family occasionally evaluates how well we are communicating. | |
| 4 | Our family is somewhat aware of the importance of non-verbal communication. | |
| 5 | Our family provides feedback inconsistently. Sometimes it is constructive and sometimes it is destructive. | |
| 6 | Our family understands the importance of effective communication skills. | |
| 7 | Our family does not always use non-verbal communication productively. | |
| 8 | Our family does not understand the importance of effective communication skills. | |
| 9 | Our family does not listen to each other. | |
| 10 | Our family effectively uses feedback to maintain open understanding and communication between family members. | |
| 11 | Our family continuously practices new techniques to improve our communication results. | |
| 12 | Our family strives to improve our communication skills through effective listening. | |
| 13 | Our family does not use non-verbal communication productively. | |
| 14 | Our family does not use questioning to better understand each other's perspectives and ideas. | |
| 15 | Our family tries to encourage good listening, but there are some individuals that tend to dominate conversations. | |
| 16 | Our family occasionally practices new techniques to improve our communication results. | |
| 17 | Our family has tried to use questioning skills to improve our communication, with limited success. | |
| 18 | Our family uses non-verbal communication effectively to improve our communication. | |
| 19 | Our family does not support or encourage family members to improve and practice effective communication skills. | |
| 20 | Our family occasionally supports and encourages family members to improve and practice effective communication skills. | |
| 21 | Our family does not provide feedback or provides it only in destructive ways. | |

COMMUNICATION continued

Agree - Disagree

7

1

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| 22 | Our family has never evaluated how well we are communicating. | |
| 23 | Our family has never practiced new techniques to improve our communication results. | |
| 24 | Our family is committed to investing time and money to help family members improve their communication skills. | |
| 25 | Our family knows the importance of non-verbal communication. | |
| 26 | Our family does not know the importance of non-verbal communication. | |
| 27 | Our family does not spent much time discussing effective communications skills and their importance to our success. | |

FORMALIZED MANAGEMENT

Agree - Disagree

7

1

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| 1 | Our family business does not have legal documents in place to allow alternates to act on behalf of the company. | |
| 2 | Our family business has no written goals. | |
| 3 | Our family business uses a vision statement to guide strategic planning. | |
| 4 | All financial statements are never used to communicate with family members, partners and others within the business. | |
| 5 | Our business completes a full set of financial statements at least quarterly. | |
| 6 | Our family business has a few written goals. | |
| 7 | Our business updates some financial statements once a year or less often. | |
| 8 | Our family business has a written constitution. | |
| 9 | Our family business mission statement does not adequately describe the fundamental purpose of our business. | |
| 10 | Our family business does not regularly use its constitution in managing the business. | |
| 11 | We do not use our vision statement to guide strategic planning. | |
| 12 | Our family business has goals that do not meet the specific, measureable, achievable, realistic, and time targeted (SMART) guidelines. | |
| 13 | Our family business does not have a formal, written mission statement. | |
| 14 | Our family business has a written vision statement. | |
| 15 | Our family business mission statement describes the fundamental purpose of our business. | |
| 16 | All financial statements are never used to communicate with creditors and others outside the business. | |
| 17 | Our family business is inconsistent about providing new employees with a copy of the employee handbook. | |
| 18 | All financial statements are occasionally used to communicate with creditors and others outside the business. | |
| 19 | Our family business has goals that are specific, measureable, achievable, realistic, and time targeted (SMART). | |
| 20 | Our family business does not update any financial statements. | |
| 21 | Our family business regularly uses its constitution in managing the business. | |

FORMALIZED MANAGEMENT *continued*

Agree - Disagree

7

1

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| 22 | Only certain family members use information on the financial statements to make management decisions. | |
| 23 | Our family business has some informal policies pertaining to employees but they have not been formally documented. | |
| 24 | Our family business provides new employees with a copy of the employee handbook. | |
| 25 | Our family business has written goals. | |
| 26 | Our family business has an employee handbook. | |
| 27 | Our business does not use financial statements to make management decisions. | |
| 28 | All financial statements are occasionally used to communicate with family members, partners and others within the business. | |
| 29 | All financial statements are regularly used to communicate with family members, partners and others within the business. | |
| 30 | Our family business goals are not widely communicated. | |
| 31 | Our business completes some financial statements once a year or less often. | |
| 32 | The information on our financial statements is occasionally used to make management decisions. | |
| 33 | Our family business does not have a written constitution. | |
| 34 | Our family business has no vision statement. | |
| 35 | Our business updates a full set of financial statements at least quarterly. | |
| 36 | Our family business does not complete any financial statements. | |
| 37 | Our family business does not have an employee handbook. | |
| 38 | Our business uses the information on financial statements to make informed management decisions. | |
| 39 | Our written vision statement does not adequately describe what we want our business to look like in the future. | |
| 40 | Our family business has individuals appointed to take over key business roles but the backup people do not have legal authority to act. | |
| 41 | Our family business has legal documents in place to allow alternates to take management, financial, and legal action of behalf of the company. | |
| 42 | Our family business has a formal, written mission statement. | |
| 43 | All financial statements are regularly used to communicate with creditors and others outside the business. | |

PERSPECTIVES ASSESSMENT

Agree - Disagree

7 1

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| 1 | Founders have identified values next generation business participants should possess. | |
| 2 | Our founder has discussed how control of the business will be transferred to the next generation with the family. | |
| 3 | Founders have not discussed their goals for the business with next generation family members. | |
| 4 | Next generation family members have discussed their goals for the business with the founder. | |
| 5 | Next generation members have discussed their goals for the business with other family members but not the founder. | |
| 6 | Individuals in the family business have not identified jobs within the business in which they have an interest. | |
| 7 | Next generation members have expressed their expectations about asset and income distribution with the founder. | |
| 8 | Next generation family members have agreed upon how the transition of management functions will occur with the founder. | |
| 9 | Formal roles and responsibilities have not been established within the business. | |
| 10 | Our founder has expressed how he/she envisions transfer of control of the business to the next generation. | |
| 11 | Next generation members have not evaluated the business values deemed important by founders. | |
| 12 | Formal roles and responsibilities have been established for those most important for the continuation of the business. | |
| 13 | Next generation members have expressed expectations about asset and income distribution to other family members but not to the founder. | |
| 14 | Founders have not identified values next generation business participants should possess. | |
| 15 | Next generation family members have not discussed their goals for the business with anyone. | |
| 16 | Formal roles and responsibilities have been discussed, but not established and agreed upon within the family business. | |
| 17 | Individuals have completed a skills assessment for jobs within the family business. | |
| 18 | Founders have determined which family members hold values they believe the next generation should possess. | |
| 19 | Founders and next generation members have discussed expectations about rank and position within the family business. | |
| 20 | Founders have identified next generation family members with the interest and qualifications to take over key roles in the business. | |
| 21 | Our founder has not addressed how control of the business will transfer to the next generation. | |

PERSPECTIVES ASSESSMENT continued

Agree - Disagree

7

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| 22 | Founders have not developed their goals for the business. | |
| 23 | Next generation members have not discussed their expectations about asset and income distribution with anyone. | |
| 24 | Next generation members have not discussed their expectations about rank and position within the family business with anyone. | |
| 25 | Founders and next generation members have addressed issues causing conflict or discomfort over their current level of interaction. | |
| 26 | Founders and next generation members have discussed their level of comfort with interactions within the business. | |
| 27 | Founders have agreed upon future business goals with next generation family members. | |
| 28 | Founders have expressed their goals for the business. | |
| 29 | Next generation members have discussed issues and concerns about transfer of management with other family members but not the founder. | |
| 30 | Individuals have not discussed the results of any skills assessment for jobs within the family business with the founder. | |
| 31 | Next generation family members have not discussed their issues and concerns about the transfer of management functions with anyone. | |
| 32 | Next generation family members have discussed the values important to the business with the founders. | |
| 33 | Next generation family members have agreed upon goals for the business with the founder. | |
| 34 | Successors for formal roles and responsibilities have been identified for those most important for the continuation of the business. | |
| 35 | Next generation family members have discussed their issues and concerns about the transfer of management functions with the founder. | |
| 36 | Founders and next generation members have agreed upon who will have decision-making authority and how business decisions will be made. | |
| 37 | Founders have discussed future business goals with next generation family members. | |
| 38 | Next generation family members have some disagreements with the founders about values important to the business. | |
| 39 | Our founder has agreed upon how control of the business will be transferred to the next generation with the family. | |
| 40 | Next generation members have expressed expectations about rank and position to other family members but not to the founder. | |
| 41 | Individuals in the family business have not discussed their level of comfort with interactions within the business. | |
| 42 | Next generation members have reached agreement with the founder regarding how assets and income will be distributed. | |
| 43 | Next generation family members have agreed on the values important to the business with the founders. | |

BUSINESS COMMUNICATION

Agree - Disagree

7

1

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| 1 | Our family has not developed a Code of Conduct for the family business. | |
| 2 | We conduct regular meetings with family members involved in the business. | |
| 3 | We have conducted meetings to communicate with the extended family about the business, but not on a regular basis. | |
| 4 | Our family has established a formal written Code of Conduct for the business. | |
| 5 | We conduct regular meetings to communicate with the extended family about the business on a regular basis. | |
| 6 | We do not conduct meetings with family members who are involved with the business. | |
| 7 | We have conducted some meetings with family members involved in the business, but not on a regular basis. | |
| 8 | Our family has established some informal business policies, but they are not documented. | |
| 9 | We do not conduct meetings to communicate with the extended family about the business. | |

MANAGING CONFLICT

Agree - Disagree

7

1

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|----|---|--|
| 1 | Our family sees conflict as a sign that change is needed. | |
| 2 | Our family tries to find resolutions to conflicts and occasionally have some success. | |
| 3 | Our family deals with conflict on a case-by-case basis. | |
| 4 | Our family business has planned strategies and a process for managing conflict. | |
| 5 | Our family does not attempt to resolve conflicts. | |
| 6 | Our family business experiences a moderate number of conflicts. | |
| 7 | In our family when there is conflict, avoiding the issue is a common practice. | |
| 8 | Our family has had some limited success in resolving interpersonal conflicts. | |
| 9 | Our family lets conflict fester to the point of hurting relationships long-term. | |
| 10 | Our family attempts to ignore conflicts and hope that they go away. | |
| 11 | When conflicts do arise in our family business, they are usually resolved quickly. | |
| 12 | Our family business has mutually agreed upon policies for handling conflict. | |
| 13 | Our family business has few conflicts. | |
| 14 | Conflicts that arise in our family business often take a while to resolve. | |
| 15 | Our family is able to effectively resolve most conflicts that arise. | |
| 16 | Our family sees conflict as an opportunity to make improvements. | |
| 17 | Our family looks at conflict as a negative. | |
| 18 | Our family business has no agreed upon strategies or process for resolving conflicts. | |
| 19 | Our family business experiences frequent or long-lasting conflicts. | |

SUCCESSION PLANNING PROCESS

Agree - Disagree

7

1

| | | |
|----|---|--|
| 1 | Our family business has documented a timeline for management succession. | |
| 2 | Our family has discussed establishing a succession planning team. | |
| 3 | Management successor(s) have been selected. | |
| 4 | The founders have clearly defined what their financial needs will be during their retirement. | |
| 5 | Our family has identified a succession planning team consisting of appropriate family members, business associates, and outside advisors. | |
| 6 | The founders have no clear plans for retirement. | |
| 7 | Our family has not assigned a succession planning team. | |
| 8 | The founders have clearly defined what their retirement will look like. | |
| 9 | Our family business does not have a formal written succession plan. | |
| 10 | Ownership successor(s) have been selected. | |
| 11 | Our family succession plan is not documented. | |
| 12 | There has been no communication with family members or other stakeholders about a succession plan. | |
| 13 | Successors have not been considered in our family business. | |
| 14 | Our succession plan has been formally communicated to all family members and other stakeholders in the business. | |
| 15 | The founders have some plans for retirement but they are incomplete. | |
| 16 | The founders scaled back involvement in the business but not to the degree planned as they approached or entered retirement. | |
| 17 | Potential ownership successors have been identified, but no selections have been made. | |
| 18 | Our formal written succession plan includes all of the elements of a complete plan. | |
| 19 | The founders have clearly defined how they will use their time during retirement. | |
| 20 | Our family has had casual discussions about succession planning. | |
| 21 | Our family succession plan is not complete. | |

SUCCESSION PLANNING PROCESS continued

Agree - Disagree

7

1

| | | |
|----|---|--|
| 22 | Our family has a formal written succession plan. | |
| 23 | The founders have not scaled back involvement in the business as they approached or entered retirement. | |
| 24 | Our family has assigned a succession planning team consisting of appropriate family members, business associates, and outside advisors. | |
| 25 | The founders scaled back involvement in the business as planned when they approached or entered retirement. | |
| 26 | Our family has not identified a succession planning team. | |
| 27 | Our succession plan has been formally communicated to only some family members and other stakeholders in the business. | |
| 28 | Our family business has documented a timeline for ownership succession. | |
| 29 | Our family has not established a timeline for succession. | |
| 30 | Potential management successors have been identified, but no selections have been made. | |