



BEST SUCCESSION MANAGEMENT PRACTICES (BSMPS)

Succession Planning Process

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AREA OF CONCERN: SUCCESSION PLANNING PROCESS	BEST SUCCESSION MANAGEMENT PRACTICES
Our family has had casual discussions about succession planning.	Establish a timeline for succession which is specific when the process will start and when it is expected to be completed.
Our family business has documented a timeline for management succession.	Start early in the process. Keep in mind it is a process not an event.
Our family business has documented a timeline for ownership succession.	Develop a timeline to identify: <ul style="list-style-type: none"> • What you would like to happen. • When the process will start. • When it should be completed.
Our family has not established a timeline for succession.	<ul style="list-style-type: none"> • The skill and competencies potential successors need to succeed, and how you will develop them.



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Our family has not identified a succession planning team.	Establish a planning team that will be responsible for developing and implementing the plan. Include family members and others as appropriate. The team should include: <ul style="list-style-type: none"> • The business founders • Appropriate family members • Business associates • Outside advisors
Our family has not assigned a succession planning team.	
Our family has discussed establishing a succession planning team.	
Our family has identified a succession planning team consisting of appropriate family members, business associates, and outside advisors.	



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Successors have not been considered in our family business.	Select the appropriate successor(s).
Potential ownership successors have been identified, but no selections have been made.	Clarify the process used for selecting a successor.
Potential management successors have been identified, but no selections have been made.	Communicate that process to family members and others as appropriate.
Ownership successor(s) have been selected.	Make sure the successor has interest, commitment to the mission of the business, and abilities to move the business forward.
Management successor(s) have been selected.	



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Our family succession plan is not documented.	Develop a written plan for succession. The written plan should include: <ul style="list-style-type: none"> • Details about the founder’s reduced participation and the successor’s expanding roles/responsibilities • Rules and procedures for decision-making and conflict management • A program for developing leadership and other skills required by successors. This may include formal education, outside work experience and planned career paths within the business. Components of the written plan are covered in detail in the “Management Succession: Where Do We Want to Go?” course.
Our family business does not have a formal written succession plan.	
Our family succession plan is not complete.	
Our family has a formal written succession plan.	
Our formal written succession plan includes all of the elements of a complete plan.	



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There has been no communication with family members or other stakeholders about a succession plan.	<p>Communicate the formal succession plan to family and others that have interest in the continuity of the business.</p> <p>Consider the following issues regarding communications:</p> <ul style="list-style-type: none"> • When and how should the process be communicated to: <ul style="list-style-type: none"> – The selected successor(s) – Family members – Other stakeholders in the business • How will disputes or conflicts around the transition process be managed and resolved? • When and how should implementation progress be communicated to stakeholders?
Our succession plan has been formally communicated to only some family members and other stakeholders in the business.	
Our succession plan has been formally communicated to all family members and other stakeholders in the business.	



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The founders have no clear plans for retirement.	Plan for retirement.
The founders have some plans for retirement but they are incomplete.	Define what retirement would look like in terms of time commitments to the business and other pursuits.
The founders have clearly defined how they will use their time during retirement.	Estimate financial needs for retirement.
The founders have clearly defined what their financial needs will be during their retirement.	Develop a written plan that can be shared with others.
The founders have clearly defined what their retirement will look like.	Share the written retirement plan with the management successor and other family members as appropriate.



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The founders have not scaled back involvement in the business as they approached or entered retirement.	<p>Put the retirement plan into action.</p> <p>Enjoy your retirement!</p> <ul style="list-style-type: none"> • Celebrate your accomplishments. • Discover new activities and hobbies. • Indulge in regular strenuous exercise. • Develop new friendships, while maintaining your lifelong friends. • Make a bucket list of things you want to do, and do them. • Use your mind. Replace the mental challenge of running a business with other mental activities and challenges. <p>The secret to success is making sure that your life in retirement is full and satisfying.</p>
The founders scaled back involvement in the business but not to the degree planned as they approached or entered retirement.	
The founders scaled back involvement in the business as planned when they approached or entered retirement.	