



Welcome to the *Journey to Management Succession* module. Click the Next button to begin.

MANAGEMENT SUCCESSION

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### Journey to Management Succession

In this module you will:

- Describe the seven stages in the management succession journey.
- Describe the Management Succession Workbook.



The image shows a scroll map with seven numbered red stars (1-7) connected by a red dotted line, representing the management succession journey. The map is set against a blue background with a navigation menu at the top. The menu includes: HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. The scroll map itself is a parchment-like texture with a black outline and a red dotted line connecting the seven numbered stars. The stars are arranged in a roughly circular path. A small icon of a document with a gear is visible in the bottom right corner of the scroll map.

In this module, you will explore the seven stages of management succession as well as become acquainted with the content and structure of the Management Succession Workbook.

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## Workbook Overview

The Management Succession Workbook, located in the Resources section, covers all the stages of a complete journey to management succession, which include:

1. Executive Summary
2. Business Overview
3. Strategic Plan
4. Retirement Plan
5. Succession Planning Process
6. Financial Plan
7. Contingency Plans

The Workbook will challenge you to begin planning your management succession journey:

- Worksheets allow you to spell out the details of where you will go, the route you will take, and how you plan to meet the challenges along the way.
- Resources described in each section provide suggestions for additional reading, outside expertise, and online references for more information.

There are seven stages on our journey to Management Succession: Executive Summary, Business Overview, Strategic Plan, Retirement Plan, Succession Planning Process, Financial Plan, and Contingency Plans.

The Management Succession Workbook, located in the Resources section, covers all these stages. More detail is possible, even desirable in several of the areas, the intent is to get you and your family started with the process of transferring management responsibilities.

The screenshot shows a website with a blue background. At the top left is a logo for 'MANAGEMENT SUCCESSION'. To its right is a navigation menu with the following items: HOME, JOURNEY TO MANAGEMENT SUCCESSION, BEYOND GOALS FOR CHANGE, WHERE DO WE GO FROM HERE, NAVIGATION, RESOURCES, and EXIT. Below the menu is the title 'Management Succession Journey'. Underneath the title is the text 'The management succession journey:' followed by a bulleted list:

- Course I is deciding where we are and what resources we have to travel with.
- Course II is determining where we want to go.
- Course III is about how and when we will reach our destination.

Below the list is a horizontal flow diagram consisting of three screenshots of the website, each with a white arrow pointing to the next one to its right. The first screenshot shows the homepage with a sunset background. The second screenshot shows a page with a purple background. The third screenshot shows a page with a sunset background and a wooden structure in the foreground. In the bottom right corner of the website screenshot, there is a small icon of a document with a plus sign.

Think of the management succession process like a journey. Course I is deciding where we are and what resources we have to travel with. Course II is determining where we want to go. This third course is about how and when we will reach our destination and includes our roadmaps, routes, and methods.

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### Stage 1: Executive Summary

The Executive Summary is a quick reference to the overall plan for management succession, it:

- Gives readers insight into what will happen, how, who, and when.
- Helps everyone to see the big picture of what to expect.

This stage of the journey provides an overview of all the components of a complete management succession plan.





The Executive Summary is a brief summary of the succession plan. It provides a big-picture view of what the plan contains. Although a summary, it includes brief details of each stage of the management succession journey.

The Executive Summary should be completed after the management succession plan is developed. This summary briefly tells the reader the major details of the plan in a few paragraphs. Remember to provide only the highlights of each section of the plan. If the readers want more detail, they can find it in the plan.

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## Stage 2: Business Overview

The Business Overview gives the reader a sense of the business in general.

Worksheets in this section will help you to document business details, such as:

- Size and location, people involved.
- Business history, how it got started, changes in management over time, ownership structure, products, markets, form of ownership.
- Values, vision, expectations, and goals of the individuals involved moving forward with management transition.



Unlike the Executive Summary, which must be concise, this stage is where you can begin to elaborate on the details of the business. This section is typically used to specify the size and location of the business, and a brief history of the business, who is involved, and where it is located. Worksheets in this section are also used to explain the vision and goals of the business.

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### Stage 3: Strategic Plan

The Strategic Plan outlines in detail the direction the business is going and specific steps for how it plans to get there. A diagram describes how the parts of the strategic plan fit together.

Worksheets in this section:

- Provide space to outline the founder(s') and successor(s') goals for the business, for the transition, and for the individuals involved.
- Tactical objectives provide detail on how these goals will be met, the associated time frame, and who will monitor progress.

STRATEGIC PLAN COMPONENTS

CLICK TO ENLARGE

A strategic plan gives direction for the future. Setting strategic goals and calculating their cost can provide a roadmap to success for the operation. Using goals, one can measure progress toward a destination.

In goal-based management, strategic goals are openly identified, discussed, and prioritized before management decisions are made. Resources available to most operations are limited. Thus, not all goals can be reached at the same time. Prioritizing your goals ensures that the most important are addressed first. If additional resources exist, they can be applied toward reaching less important goals.



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### Stage 4: Retirement Plan

The Retirement Plan provides insights into the founder(s') view of retirement, how they see it unfolding, and their vision of lifestyle in retirement. Worksheets in this section provide space:

- For a detailed description of retirement details, covering: when, where and how founders will live, business responsibilities, lifestyle aspirations, as well as any dreams and worries about the process.
- To outline the business and personal income and expense founders expect, focusing particular attention on the budget for the retiring individuals and how their financial needs will be met.



When considering retirement, it is important to estimate your financial requirements. Retirement can be expensive and most experts estimate that retirees will require 70-90 percent of their preretirement income after they stop working. In short, paying for the retirement you truly desire is ultimately your responsibility. This is another reason why it is beneficial to plan for retirement while you are still young.



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## Stage 5: Succession Planning Process

The Succession Planning Process explains the approach the founders and successor(s) plan to use to transition management responsibilities.

Describing these details requires a roadtrip involving several steps to cover the entire process, including:

- Establish a timeline
- Establish a planning team
- Select the appropriate successor(s)
- Develop a written plan
- Communicate the plan
- Plan for retirement
- Enjoy the years ahead

*Click each image to learn more.*

The succession planning process was introduced in the “Management Succession: Where Are We?” course. This process covers the stops shown.

The "Management Succession: Where Do We Want to Go?" course focused on the succession planning process and how you can begin planning where you want to go for your own situation.

The "Management Succession: How Do We Get There from Here?" course goes beyond the goals for change from Course II to focus on developing a roadmap for change. This requires a short roadtrip from our overall journey that includes several stops.

Click each image to examine how the Workbook presents the content for the stops included in this stage.

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### Stop 1 - Establish a Timeline

Establishing a Timeline helps everyone involved to better understand the time required to make the transition.

This section of the Workbook:

- Helps identify personal expectations for the process, as well as for the farm/ranch business.
- Covers conflicts and group discussion anticipated to resolve known issues.
- Provides a chart of pros and cons for various alternative methods for deciding who should be the next successor(s).



The image shows a stylized map with a red dashed path winding across it. There are several location pins in various colors (red, green, blue, black) placed along the path and around the map. The map itself is a light tan color with some faint outlines of terrain or buildings. The entire content is framed within a blue border that includes a navigation menu at the top and a close button (X) in the top right corner.

The key to this step is to start early. This is a process, not an event. None of us knows what the future might bring, so it makes sense to have your plan ready in case something unexpected happens, such as injury, disability, death, or divorce. Rather than waiting until the issue is forced upon you, start the process in calm circumstances when there is time to discuss issues and come to agreement. This can prevent serious damage to family relationships and the business. It will also allow potential successors to better prepare for the transition.

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## Stop 2 - Establish a Planning Team

Establishing a Planning Team will help all the people involved to understand who will be involved in charting the transition journey and how input will be taken.

This section of the Workbook:

- Helps you to outline current business roles and responsibilities, it covers both family and non-family members and level of interest.
- Covers blood-relations that will be considered for the team, known issues that should be considered, and other specifics.



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Decide who should be involved in the development and implementation of the transition plan. The planning team should consist of family members, business associates, and/or outside advisors. Ideally the elder generation should provide leadership while coaching and mentoring the younger generation. This will allow a shift of power in a controlled, smooth, and gradual manner.

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### Stop 3 - Select the Appropriate Successor(s)

Selecting the Appropriate Successor(s) is one of the first steps in getting the succession journey started.

This section of the Workbook:

- Helps you to think through the candidates and their level of readiness for business management responsibility.
- Allows you to capture previous experience, current duties, attitudes, and other considerations.
- Provides a section covering skills and character of those under consideration which may help identify the best person.
- Allows you to capture whether an individual(s) selected may require further training or leadership development in order to adequately assume business management responsibilities.



ADVENTURE CHALLENGE

Identify and select an appropriate successor. It is important to make sure the process for selecting a successor is clear and understandable to anyone interested in being a candidate. Make sure the person selected is interested in the position, committed to the mission of the business, and has the right skills and experience to be successful.

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### Stop 4 - Develop a Written Plan

Written Plan for management succession will not only help all involved to see how the plan is expected to unfold, but can also help them identify where they fit into the future of the business.

This section of the Workbook:

- Includes assessment forms and BSMPs covering suggestions for how to conduct business across the interpersonal, business, and succession planning issue areas of interaction.
- Provides space for each of these areas and helps to record assessment scores, SWOB analysis, BSMPs to adopt, and goals for change in each area.
- Offers a Roadmap for Change worksheet to detail resources needed, action steps, dates, persons who will monitor the plans, and specific tracking systems for the transition.



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Put the transition plan in writing. A written plan should detail the steps for dealing with business and interpersonal aspects of the transition process. Having a written plan will significantly reduce the potential for doubts and misunderstandings within the family.

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### Stop 5 - Communicate the Plan

Communicating the Plan to others involved is necessary to get the succession process started.

This section of the Workbook:

- Helps the planning team to think through the process for communication, who will be informed, when, how, and what to do if things don't go well or if conflict comes up.
- Provides a list of pros and cons for various avenues of communication, as well as a list of common communication mistakes and methods for avoiding them.



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Communicate the details of the transition plan to family, employees, and others who have interest in the continuity and success of the business. The existence of a plan will typically reassure everyone involved and allow them to align their own future plans to ensure a smooth transition.

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### Stop 6 - Plan for Retirement


Planning for Retirement helps founders think through their personal expectations for retirement.

This section of the Workbook:

- Helps to define retirement goals associated timelines, evaluate founder health, skills and resources, social security, and plans for networking.
- Provides a place to record plans for work and for recreation, and big-picture financial considerations.



X



For most farm families, the farm is not only the source of current income; it is also the source of income for retirement as well. Studies have found that retirement is often different for farm families than for those who work for an employer. Many farmers believe there is no such thing as retirement. Retirement may mean scaling back rather than not working anymore. Improved health, increased life expectancy, and advances in farming technologies enable many farmers to work much longer than was true for previous generations.

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### Stop 7 – Enjoy the Years Ahead

Enjoying the Years Ahead is more likely where many of the dimensions of retirement have been considered and plans made to allow those plans to become reality.

This section of the Workbook:

- Focuses primarily on monitoring the succession process to make sure that the plans are unfolding as expected.
- Allows you to provide details on actions required, dates, questions on what has been done, what remains, and whether any adjustments are required.



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Step back from the business and enjoy retirement. The best laid plans will fail if you do not relinquish control and allow your successor or successors to take the reins. The secret to success is making sure that your life in retirement is full and satisfying.



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## Stage 6: Financial Plan

Having a detailed Financial Plan can help to provide founders a sense of security as they move into retirement.

The worksheets in this section will help you to:

- Outline the business and personal resources and any remaining financial commitments for each founder.
- Plan how the business will meet the financial needs of the retiring founders and incoming successor(s).



Very few people ever have enough money to cover all of their wants in retirement. It seems that the more we have, the more we want and think we need. But the power of choice can control incomes of all sizes. Setting financial goals gives a person that power. Determining the sources and amounts of cash flows is the first step to matching our cash inflows to our cash outflows.

Families experiencing difficulties and expressing concerns about money often lack information and plans for managing the money they have available to spend.

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Title: Stage 7: Contingency Plans

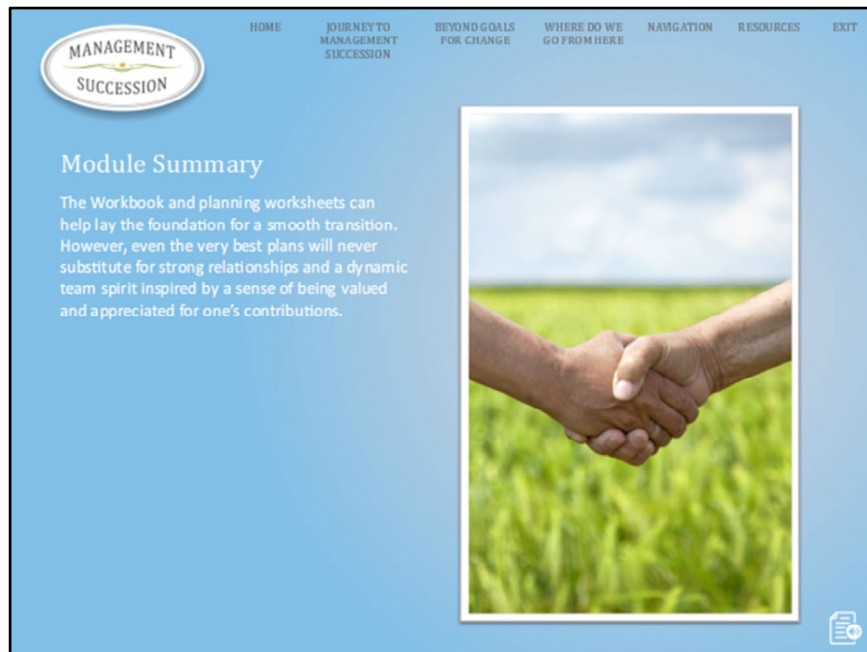
Contingency Plans can help founders and successor(s) become more comfortable about how things will be handled if they do not go according to plan.

The worksheets in this section will:

- Help to describe what will happen, who will be responsible, and how challenges will be met should one or more aspects of the transition plan not work out.
- Assist with identifying key skills, who might serve as a back-up, gaps that may need to be covered, training needed, as well as consider other issues that may arise.



Every succession plan should include contingency plans. What will happen if something goes wrong? In this section, things like disability insurance, life insurance, employee training, back-up support, how-to manuals, and communication with family, employees, and key stakeholders should be considered.



This module introduced the components of a complete Management Succession journey.

The Workbook included with this course is intended to help individuals and families get started with planning the journey needed to transition management responsibilities.

Users should recognize that transition is a process, not an event.

Click the Next button to select another course module.