

7 steps to successful business transition

In all successful businesses the issue of succession from the current owner to the next generation comes up, and one question that often arises is: when is the most appropriate time to begin planning for succession? The start-up phase is obviously too early, but all too often business owners wait until the last minute - when many options are closed before beginning the process.

There are generally seven stages of business succession:

1) Survival

Once the business has survived the start-up stage, the founder should begin giving consideration to succession, regardless of his or her age.

2) Commitment

The founder must commit to the concept that the business has to continue in order to create opportunity for those to come. This commitment must be communicated extensively and often.

3) Recruitment

The organisation cannot survive unless it is staffed with the best people. Recruiting good people will always pay dividends and is a key item in succession planning.

4) Development

Investing time in developing your family members and other management team members and allowing them to exercise authority and control is key to a successful transition.

5) Selection

Having developed a successful transition plan and recruited the right people, selecting a successor or successors becomes easier. By empowering a broad range of key people, the selection process is simplified and options are enhanced.

6) Announcement

Having come this far, it is time for the founder to announce his or her future plans. This gives key management people and family successors a clear path to the future and a definite goal.

7) Implementation

In implementing the succession plan, the founder must be ready to step aside and allow his or her successors to take over. The founder needs to be prepared to take on new challenges in retirement knowing that his or her financial future is secure.

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