

9 Keys to Successful Business Succession

Level Up is a business coaching and mentoring practice based near Langport in Somerset.



Started in 2006 by Graeme Crosbie, they have successfully coached and trained hundreds of family businesses across the West Country for growth, greater profitability, better lifestyles and successful exit.

Level Up is delighted to offer a FREE one-to-one business review consultation to any business in the West Country. Simply call on 01458 253366 or contact us through our website levelupbusiness.co.uk to arrange a meeting.



How many business owners, when they set out on their journey to self-employment, envisaged that they would never be able to give it up. Not many ...



However, for most small businesses, that becomes a very real possibility the closer the business owner comes to the 'normal' retirement age. There simply hasn't been enough time to work out how to build succession planning into the busy day-to-day. The Business Owner is still the Business, and now he/she is left with the choice of keeping on working or winding it down.

All this is avoidable if succession – whether from one generation to the next, or from an employer to his/her team – is well planned and properly executed. Here are our top tips – our 9 Keys to Successful Succession...

1. Align your goals

So, you would like to get out, and deep down your successor is wanting to show you to the door. Surely that means you're aligned already? Probably not...

Alignment means ensuring that what you want out of the Succession and what your Successor wants out of it are compatible, not

necessarily identical. It means being honest and open about the outcome you both want, and making whatever small compromises are needed to ensure that they are both achievable.

There is no better time to do this than NOW – even if you don't intend retiring for another 10 years, it is better to get aligning your goals now. That way you are more likely to be pulling in the same direction all the way to the Exit sign...

2. Systemise your instinct

If you've been in business for long enough, most of what you do to make it successful and profitable will come to you very easily – almost instinctively. One of the biggest obstacles to successful succession comes when the older generation simply doesn't have the faith that the younger generation 'gets' their business in the same way they themselves do.

That is hardly surprising when you think about it. Who else in your life can directly mirror your instincts and opinions? And whose instincts do you share identically?

The key to overcoming this is to write down everything that goes on inside your head when it comes to running your business. Most people shy away from this ... "I can't explain it, I just know!" is a common objection. But with the right support and the right attitude, it is quite straightforward to document your thoughts and actions, and to put this into a system that someone else can learn.

3. Share your knowledge

Knowledge is Power – nowhere is this truer than in the family business. The thing about succession, though, is that it is a transfer of power from one party to another. And without the knowledge transferring with it, how successful is that transition going to be? Deciding on the most effective way of doing this will very much depend on what that knowledge is.

If it's about customers, then invest in a good CRM system and start to document all that you know about those customer relationships. If it's technical knowledge, write a book ... or at the very least write a manual so that others can refer to it when they need additional information.

If it's about servicing the customers, then define your standards and manage your whole team towards reaching those standards 100% of the time.

4. Mind the gaps

Again, many a desired succession just doesn't happen because somewhere along the line there is a lack of trust or a lack of confidence in one party by the other.

The quickest and easiest way to avoid this is – quite simply – to be able to articulate this and document it as early and as honestly as possible.

What do we mean by that? Well, this is all about identifying which bits of knowledge or skill the proposed successor needs to fill in before the present owner can trust them enough to step back. So start by making make a matrix of all the skills, knowledge and attributes that you think are needed for you to be satisfied, and both parties should then assess the successor on their current ability against each criteria.

Then, come together and agree a training and development plan – including managed transfers of responsibility – which will ensure that all those gaps are filled well before the target date of succession.

5. Plan your timeline – and keep to it

Succession is a major project with a preferred deadline – and the best way to approach achieving the deadline is to plan it like a project, not just to leave it to chance and a fair wind.

So, with your skills and knowledge matrix to hand, and your SMART aligned goals in the background, work back from your target succession date and plan the major milestones. Publish this and share it with all the stakeholders involved, so they can keep you accountable to it.

6. Tax your accountant

Involve your accountant as soon as you have some SMART and aligned goals in place. There can be major tax implications around succession, and you want to make sure that all parties' financial interests are being fairly and openly looked after.

Resist the temptation to go to your accountant alone before you have aligned your goals. You run the risk of missing a true Win:Win out of the succession, which will endanger its successful and harmonious conclusion.

7. Me and my shadow

One of the most successful – and let's face it, awkward – ways of managing the process of succession is for the successor to shadow the current incumbent as they go through their critical business tasks.

While you don't want this to start too soon (so hastening the perception of your intended exit) or last too long (so frustrating the successor), it is important in respect of letting others – customers, suppliers, team members – see that the transition is being well managed and that there is nothing to fear and everything to welcome in the change.

And don't forget to switch-shadow as the succession date draws near – stand back and let your successor lead the charge, and you stand back a pace and let him / her take it on, safe in the knowledge that you are there to support them while they learn.

8. Use mentors

The importance of keeping strong emotion out of the process of succession cannot be overstated. Once emotion takes hold, then perspective can fly out of the window, everyone can lose sight of the bigger picture, and the journey can quickly become a nightmare.

What every succession really needs is objectivity, and what better way of achieving that than by finding a mentor or coach to guide you all through it. A good mentor can facilitate good goal setting and planning, keep all parties accountable to the plan, support individuals when they have the (inevitable) wobble, and give the necessary perspective when differences arise.

Not only that, but what better reassurance can there be for a retiring entrepreneur than to know that a trusted advisor and mentor can then be on hand to support the successor as the business moves on without them in charge...

9. Celebrate success

Stepping back from your business is – of course – a momentous occasion. I'm sure that when you think about it now, it brings up mixed feelings of happiness and anxiety, freedom and abandonment, contentment and rejection.

All this is to be expected – you don't pour decades of blood, sweat and tears into building a family business without developing a very deep attachment to it.

However, the last key to a successful succession is – at least publicly – to block out the negative emotions around exit and join with your successor in celebrating a successful transition, and the guarantee of a long and happy future for your 'baby'. The boost that your approval and support will give to your successor will carry them through their own challenges as they tackle running the business in their own way