

Transition Talking Points

Business consultant and succession planning expert Terence Shepherd of ROCG-Shepherd & Goldstein LLP shares the important points to consider during family business transitions:

Understanding transitioning owner's emotional issues

- Most business owners have defined their life through their business. It is extremely difficult and highly emotional to think about giving that up ... about letting go.
- This is often a once-in-a-lifetime transaction requiring much soul searching about what's best for the family, the business and the owner.
- How do you deal with family involvement in the business? Family conflict?
- What about loyal employees? What consideration should be given to them?
- How do you go about letting go/transitioning out of control?

Need for advanced planning – next generation considerations

- Are they ready?
- Do they have the necessary skill set and experience?
- Are they truly up to the obligation and challenge?
- Have they been tested under fire?
- Do they have a fanatical passion for the business? A burning desire?
- Is there a false lure of a comfortable life without great efforts and personal sacrifice that can spoil successors?
- What happens if they do fail?
- Have they thought about the consequences for Mom and Dad? Rest of family?
- Can they handle this pressure of failure?

Need for advanced planning – Dad and Mom considerations

- Do the future leaders understand the 'business connection' need?
- Do the future leaders understand there is a transitional process of knowledge transfer?

- Do the future leaders understand the emotional issues of transitioning out of a business? That it's not a simple as 'Up and Out.'
- Do the future leaders understand there is a transitional process for the planning of 'life after' the business?

Need for advanced planning – written strategy

- What is the future leader's vision for the business?
- What are the future leader's own ambitions?
- What role do the future leaders see Dad/ Mom taking?
- Who will run the company and make final decisions?
- Have separate roles/responsibilities been spelled out?
- How will business conflicts be handled?
- What will the management structure look like?
- What happens if leadership fails in the transition process?
- What is the contingency plan?