

The four-step succession plan

Evaluate realistic goals

Before you can accurately discern what you are expecting of a successor, you need to first draw up a clear idea of what you and your fellow owners expect from the business going forward. If necessary, create a development plan for the successor to go through in order to gain insights and knowledge of all business areas necessary for the position.

Are there specific goals and objectives you would like achieved? Write them down and agree on them.

Document the succession plan in its entirety

Identify every successor, from owners to managers of the business, and write down their exact roles and responsibilities. The succession plan must also serve as a clear timeline for succession for each role and detail how succession will be achieved.

Clearly state a governance process

Document everything from how certain disputes will be handled to the succession plan itself with details of every employee's role following the succession. Make sure that every employee and stakeholder is on the same page.

It is important for the successors to know when they will have the support of key management members and what kind of support they can expect.

Detail the financial implications of the succession

There are various ways that the business can be legally handed over, including the successors purchasing the business, or it being treated as a gift from the present owner to the new one. All this should be worked out as early on in the succession planning process as possible so that all parties know what is to be expected in the eventual handing over of the reins.

Make sure that your legacy only grows with the next generation of the business by ensuring that nothing is left unaccounted for in succession – this way both the present generation and the future generation can work together towards the same goals.