



Welcome to the Succession Planning Process module.

MANAGEMENT
SUCCESSION

HOME FAMILY CASE STUDIES SUCCESSION PLANNING PROCESS WHERE DO WE GO FROM HERE RESOURCES NAVIGATION EXIT

THE SUCCESSION PLANNING PROCESS

Getting Started: The Succession Planning Process

In this module you will:

- Review the seven steps for effective succession planning
- Apply the skills learned in the family case study analysis to develop your own written plan



It seems the hardest part of succession planning is getting started. Most families have a difficult time starting the process, but families that take the time to put a succession plan in place feel good about protecting the business and their families. In this module you will review the seven-step process for effective succession planning. In addition, you will examine Step 4: Develop a Written Plan in more depth. It is within this step that a plan is developed for moving from where the family and business currently are to where you want to go with succession into the future.

The infographic is titled "Succession Planning Process" and is part of a "MANAGEMENT SUCCESSION" course. It features a navigation bar at the top with links for HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. The main content area includes a sub-header "Succession Planning Process" and a brief introduction: "The succession planning process has seven primary steps. It is critical to start the process early for transitioning the business from one generation to the next. Keep in mind that succession planning is a process, not an event." Below this is a large graphic with the text "SUCCESSION PLANNING PROCESS" on the left and seven numbered steps in yellow boxes on the right. Each step is accompanied by a descriptive label: STEP 1: ESTABLISH A TIMELINE; STEP 2: ESTABLISH A PLANNING TEAM; STEP 3: SELECT A SUCCESSOR; STEP 4: DEVELOP A WRITTEN PLAN; STEP 5: COMMUNICATE THE PLAN; STEP 6: PLAN FOR RETIREMENT; STEP 7: ENJOY THE FUTURE. A small icon of a document with a checkmark is located in the bottom right corner of the infographic.

Succession Planning Process: As mentioned in the course introduction, the succession planning process describes how the transfer of management and ownership will take place.

This seven-step process covers many aspects that must be carefully considered to prepare for and complete the transition of business ownership and management from one generation to the next.

Let's briefly review each step. For more information about the process, see the "Management Succession: Where Are We?" course.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The navigation menu includes HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. The main heading is 'Succession Planning Process', with a sub-heading 'Step 1: Establish a Timeline'. Below this, a paragraph states: 'The people involved in the process should identify what they would like to have happen. Then establish a timeline for the process to begin and when it might be completed.' A large graphic features a horizontal timeline with seven numbered steps (STEP 1 to STEP 7) in yellow circles. Step 1 is highlighted and labeled 'ESTABLISH A TIMELINE'. To the left of the timeline is a logo for 'SUCCESSION PLANNING PROCESS' with a star and crown. A small document icon is in the bottom right corner.

Step 1- Establish a Timeline: Establish a timeline for the process. It is important to the success of the process that the founders feel comfortable that the personal values they instilled in the business will be maintained.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The navigation menu includes HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. The main heading is 'Succession Planning Process', with the sub-heading 'Step 2: Establish a Planning Team'. Below this, it states 'The team is responsible for developing and implementing the plan.' A progress bar at the bottom features seven steps, with Step 2, 'ESTABLISH A PLANNING TEAM', highlighted in yellow. A logo on the left reads 'SUCCESSION PLANNING PROCESS' and another on the right says 'SUCCESSION Planning Process'.

Step 2- Establish a Planning Team: Establish a planning team. The team should be comprised of the business owners and appropriate family members, business associates, and outside advisors.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The navigation menu includes HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. The main heading is 'Succession Planning Process', followed by the sub-heading 'Step 3: Select the Appropriate Successor or Successors'. A paragraph states: 'There should be a clear process for selecting a successor or successors. The successors should have the ability to move the business forward.' Below this is a horizontal timeline diagram for the 'SUCCESSION PLANNING PROCESS' with seven steps. Step 3, 'SELECT A SUCCESSOR', is highlighted in yellow. A small document icon is visible in the bottom right corner of the page.

Step 3- Select the Appropriate Successor or Successors: Select the appropriate successor or successors. Successors should have interest and commitment to the mission of the business and not feel as if they have no choice but to take over the business. There may need to be a plan for building and/or improving competencies.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The navigation menu includes HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. The main heading is 'Succession Planning Process' with a sub-heading 'Step 4: Develop a Written Plan'. Below this, it lists components of the written plan: an executive summary, business overview, strategic plan, retirement plan, the succession planning process, financial plan, implementation timetable, and contingency plans. A large graphic at the bottom features a horizontal timeline with seven steps, each in a yellow circle with a star. Step 4 is highlighted and labeled 'DEVELOP A WRITTEN PLAN'. To the left of the timeline is a logo for 'SUCCESSION PLANNING PROCESS' with a star and a crown. A small icon of a document with a magnifying glass is in the bottom right corner.

Step 4- Develop a Written Plan: Develop a written plan. The plan should include rules and procedures in order to avoid tensions; a timeline for succession that details the owner’s reduced participation and the successor’s expanding roles and responsibilities; and a description of leadership and skills development programs. We will talk cover this step in more detail, along with the components of a written plan, in the next pages of this section.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The navigation menu includes HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. The main heading is 'Succession Planning Process' with a sub-heading 'Step 5: Communicate the Plan'. Below this, a paragraph states: 'Communicate the details to family, employees, and others who have interest in the continuity and success of the business.' A progress bar at the bottom features seven steps, with Step 5, 'COMMUNICATE THE PLAN', highlighted in yellow. A logo on the left reads 'SUCCESSION PLANNING PROCESS' and a small document icon is in the bottom right corner.

Step 5- Communicate the Plan: Communicate the plan. The succession plan should be shared with family members and others who have interest in the continuity of the business. The owners should consider how and when the process will be communicated to potential successors.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The navigation menu includes: HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. The main heading is 'Succession Planning Process' with a sub-heading 'Step 6: Plan for Retirement'. A quote reads: "Thinking outside the box" may be helpful as the owners figure out what to do next in their lives. Below this is a diagram of the 'SUCCESSION PLANNING PROCESS' consisting of seven steps. Step 6, 'PLAN FOR RETIREMENT', is highlighted in yellow. A small icon of a document with a magnifying glass is in the bottom right corner.

Step 6- Plan for Retirement: Plan for retirement. The business owners should plan for their retirement. They should first define their retirement. Will they reduce their farm-related activities and continue to farm well into later life? Or will they quit farming and spend time doing non-farm activities? Secondly, they need to estimate their financial needs during retirement.

The screenshot shows a website interface for 'MANAGEMENT SUCCESSION'. The navigation menu includes HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. The main heading is 'Succession Planning Process' with a sub-heading 'Step 7: Enjoy the Years Ahead'. A paragraph of text reads: 'It is important to stay both physically fit and mentally sharp during one's retirement years - develop new friendships while maintaining true to existing friends, exercise regularly, avoid stress, and stay socially active.' Below this is a graphic of a 'SUCCESSION PLANNING PROCESS' with seven steps. Step 7 is highlighted and labeled 'ENJOY THE FUTURE'. A small icon of a document with a checkmark is in the bottom right corner.

Step 7- Enjoy the Years Ahead: Enjoy the years ahead. Retiring farmers should be proud of their accomplishments. They can develop a “bucket list” of things they want to do and then do them. They should select enjoyable activities and hobbies appropriate for their physical and financial abilities.

Components of A Written Plan


Introduction

The written plan should address:

- Assessment
- SWOB (Strengths, Weaknesses, Opportunities and Barriers) analysis
- BSMPs and external resources
- Description of transition goals
- Other details



1 2 3 4 5



The succession planning process is one segment of a complete written plan. The fourth step in this process, Develop a Written Plan, contains several important components.

Review each component for more information.

Components of A Written Plan

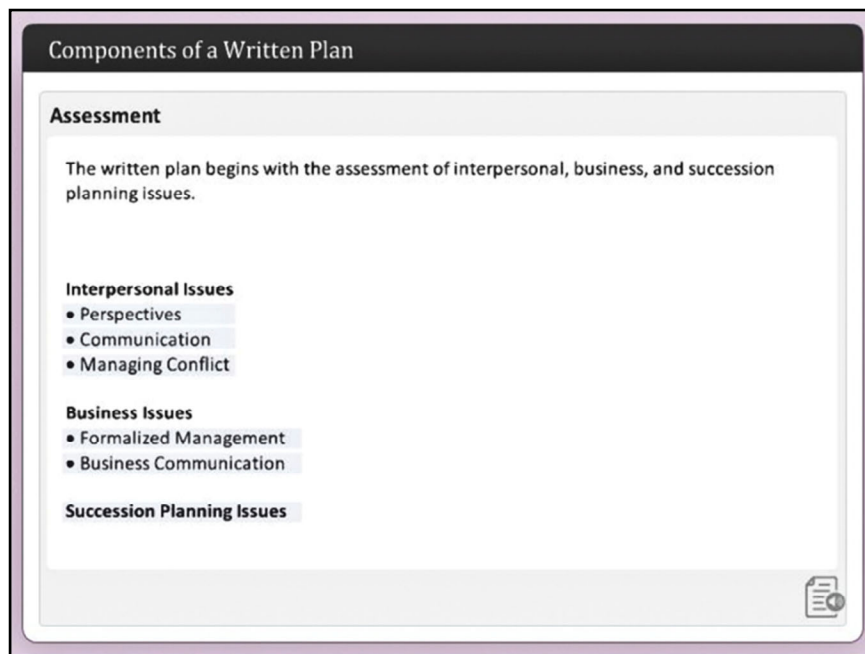
Introduction

The written plan should address:

- Assessment
- SWOB (Strengths, Weaknesses, Opportunities and Barriers) analysis
- BSMPs and external resources
- Description of transition goals
- Other details



Components of a Written Plan - Assessment



Assessment: This portion of the plan begins with the assessment scores completed as part of the “Management Succession: Where Are We?” course.

Scoring for each of the issue areas is arranged using a Red-Yellow-Green approach to indicate increasing improvement.

RED indicates an area that should raise an alert. The score for this area indicates attention is needed to increase the chances of a successful management transition.

YELLOW indicates an area that you should be cautious about. The score for this area indicates improvement is needed to increase the chances of a successful management transition.

GREEN indicates an area of strength. Congratulations! The score for this area is strong and suggests a high chance of a successful management transition.

Review each area of concern to view the scoring range. The “Management Succession: Where Are We?” course covers each area in more depth, offers several methods for calculating your scores, as well as offers other resources to help better understand your specific situation.

Components of a Written Plan

Assessment

The written plan begins with the assessment of interpersonal, business, and succession planning issues.

Interpersonal Issues


- Perspectives
- Communication
- Managing Conflict

Business Issues

- Formalized Management
- Business Communication

Succession Planning Issues

Red (0-128) **Yellow** (129-214) **Green**(215-301)



Interpersonal Issues – Perspectives: scoring
Read on screen score information

Components of a Written Plan

Assessment

The written plan begins with the assessment of interpersonal, business, and succession planning issues.

Interpersonal Issues


- Perspectives
- Communication
- Managing Conflict

Business Issues

- Formalized Management
- Business Communication

Succession Planning Issues

Red (0-80) Yellow (81-134) Green (135-189)



Interpersonal Issues – Communication: scoring
Read on screen score information

Components of a Written Plan

Assessment

The written plan begins with the assessment of interpersonal, business, and succession planning issues.

Interpersonal Issues

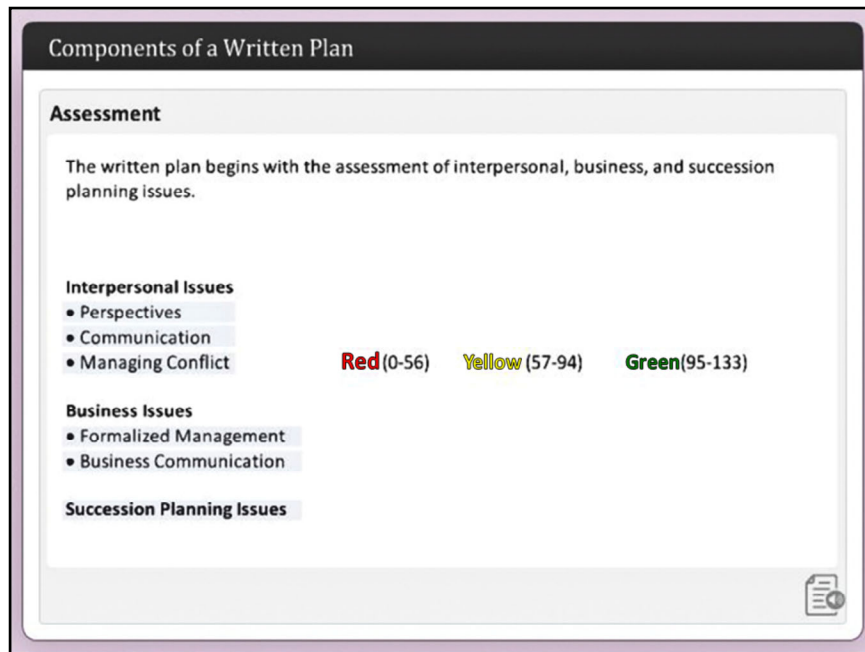
- Perspectives
- Communication
- Managing Conflict

Business Issues

- Formalized Management
- Business Communication

Succession Planning Issues

Red (0-56) Yellow (57-94) Green(95-133)



Interpersonal Issues – Managing Conflict: scoring
Read on screen score information

Components of a Written Plan

Assessment

The written plan begins with the assessment of interpersonal, business, and succession planning issues.


Interpersonal Issues

- Perspectives
- Communication
- Managing Conflict

Business Issues

- Formalized Management **Red** (0-128) **Yellow** (129-214) **Green**(215-301)
- Business Communication

Succession Planning Issues



Business Issues – Formalized Management: scoring
Read on screen score information

Components of a Written Plan

Assessment

The written plan begins with the assessment of interpersonal, business, and succession planning issues.

Interpersonal Issues


- Perspectives
- Communication
- Managing Conflict

Business Issues

- Formalized Management
- Business Communication

Succession Planning Issues

Red (0-26) **Yellow** (27- 44) **Green**(45-63)



Business Issues – Business Communication: scoring
Read on screen score information

Components of a Written Plan

Assessment

The written plan begins with the assessment of interpersonal, business, and succession planning issues.


Interpersonal Issues

- Perspectives
- Communication
- Managing Conflict

Business Issues

- Formalized Management
- Business Communication

Succession Planning Issues **Red** (0-89) **Yellow** (90-149) **Green**(150-217)




Succession Planning Issues: scoring
Read on screen score information

Components of A Written Plan


Introduction

The written plan should address:

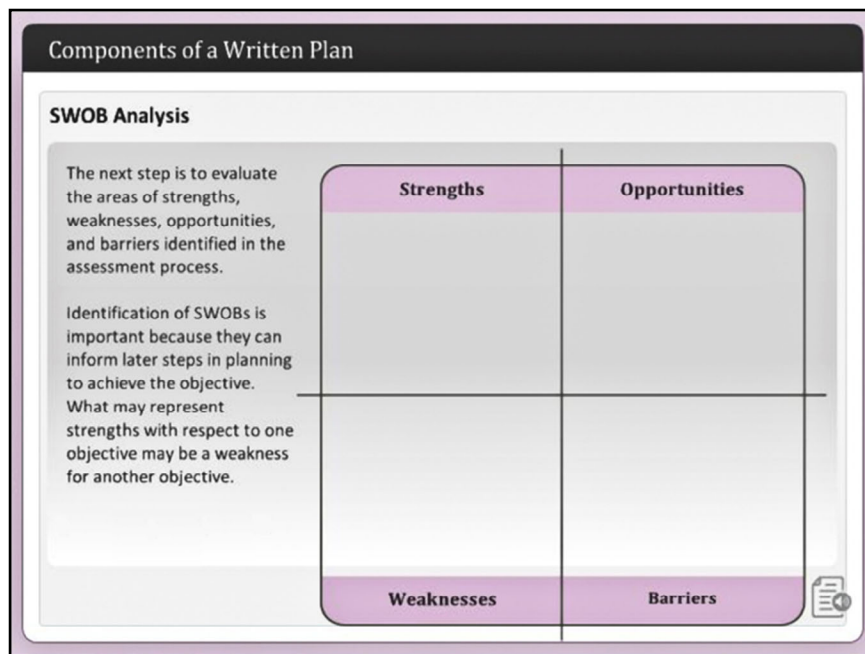
- Assessment
- SWOB (Strengths, Weaknesses, Opportunities and Barriers) analysis
- BSMPs and external resources
- Description of transition goals
- Other details



1 2 3 4 5



Components of a Written Plan - SWOB



Strengths, Weaknesses, Opportunities and Barriers: The next step is to evaluate the areas of strengths, weaknesses, opportunities, and barriers identified in the assessment process. This evaluation process should critically evaluate across all areas of succession any strengths and opportunities the business might capitalize on as the transition unfolds. In addition, and perhaps more importantly, areas of weakness and barriers to moving forward must be ruthlessly uncovered and brought to the attention of all involved.

SWOB analysis is a structured method used to evaluate the Strengths, Weaknesses, Opportunities, and Barriers of a particular project, activity, business venture, etc. It involves specifying the objective of the activity and identifying the internal and external factors that are favorable and unfavorable to achieving that objective. Overcoming existing weaknesses or barriers to succession will likely determine the success of any plans for transferring ownership and management responsibilities to the next generation.

To help ensure the success of management and ownership transfer, the process of critically evaluating all areas of succession must go beyond simply categorizing past performance. The evaluation must seek out the reasons and explanations behind why certain practices have not been previously adopted.

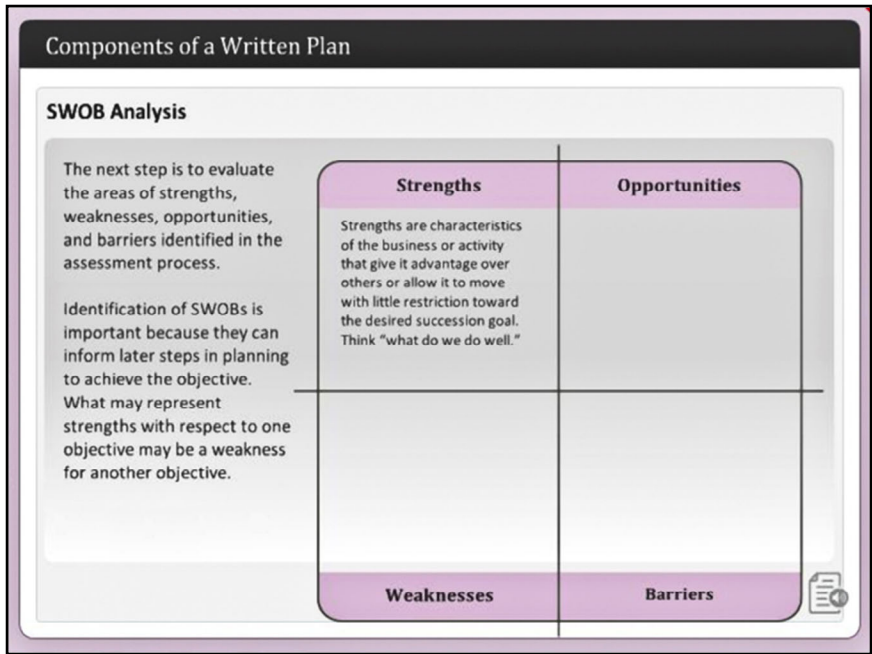
Components of a Written Plan

SWOB Analysis

The next step is to evaluate the areas of strengths, weaknesses, opportunities, and barriers identified in the assessment process.

Identification of SWOBs is important because they can inform later steps in planning to achieve the objective. What may represent strengths with respect to one objective may be a weakness for another objective.

Strengths	Opportunities
Strengths are characteristics of the business or activity that give it advantage over others or allow it to move with little restriction toward the desired succession goal. Think "what do we do well."	
Weaknesses	Barriers

A SWOB Analysis matrix diagram. It features a 2x2 grid with 'Strengths' and 'Opportunities' in the top row, and 'Weaknesses' and 'Barriers' in the bottom row. The top-left cell contains a definition of strengths. To the left of the grid is a text box explaining the next step in the assessment process and the importance of SWOBs. A small document icon is in the bottom right corner of the grid.

SWOB – Strengths
Read on screen text

Components of a Written Plan

SWOB Analysis


The next step is to evaluate the areas of strengths, weaknesses, opportunities, and barriers identified in the assessment process.

Identification of SWOBs is important because they can inform later steps in planning to achieve the objective.

What may represent strengths with respect to one objective may be a weakness for another objective.

Strengths	Opportunities
Weaknesses	Barriers

Weaknesses are characteristics of the business or activity that place it at a disadvantage when compared to others or must be overcome in order to move towards the desired goal. These are areas that should or must be improved in order to allow progress forward.



SWOB - Weaknesses

Read on screen text

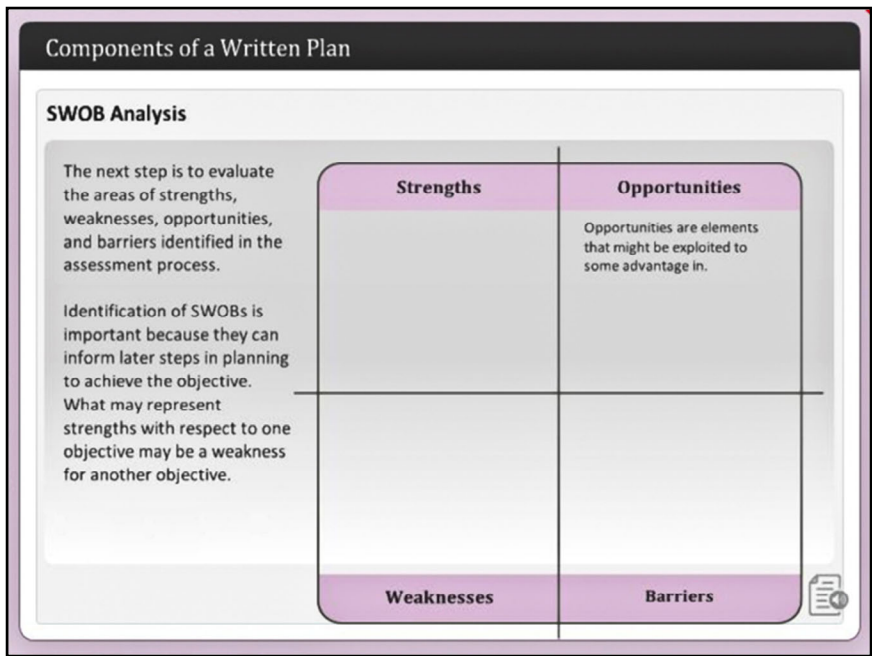
Components of a Written Plan

SWOB Analysis

The next step is to evaluate the areas of strengths, weaknesses, opportunities, and barriers identified in the assessment process.

Identification of SWOBs is important because they can inform later steps in planning to achieve the objective. What may represent strengths with respect to one objective may be a weakness for another objective.

Strengths	Opportunities
	Opportunities are elements that might be exploited to some advantage in.
Weaknesses	Barriers



SWOB - Opportunities

Read on screen text

Components of a Written Plan

SWOB Analysis

The next step is to evaluate the areas of strengths, weaknesses, opportunities, and barriers identified in the assessment process.

Identification of SWOBs is important because they can inform later steps in planning to achieve the objective.

What may represent strengths with respect to one objective may be a weakness for another objective.

Strengths

Opportunities

In succession planning, Barriers to the transfer may certainly arise from sources external to the business. However, it is much more likely that they come about from internal conflicts, differences in vision for the future, or the competing interests of the individuals involved.

Weaknesses

Barriers

SWOB - Barriers

Read on screen text

Components of A Written Plan

Introduction

The written plan should address:

- Assessment
- SWOB (Strengths, Weaknesses, Opportunities and Barriers) analysis
- BSMPs and external resources
- Description of transition goals
- Other details



Components of a Written Plan – BSMPs and External Resources

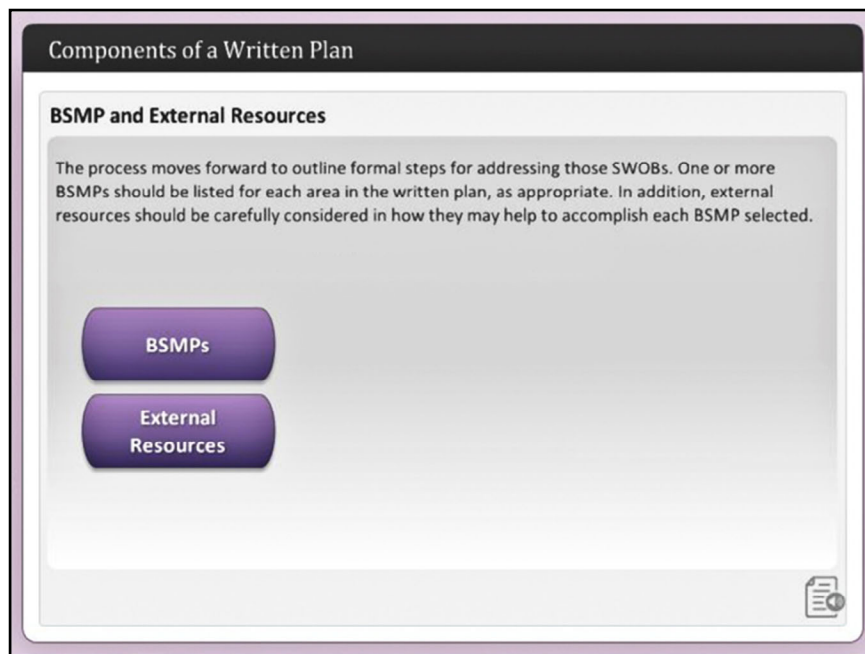
Components of a Written Plan

BSMP and External Resources

The process moves forward to outline formal steps for addressing those SWOBs. One or more BSMPs should be listed for each area in the written plan, as appropriate. In addition, external resources should be carefully considered in how they may help to accomplish each BSMP selected.

BSMPs

External Resources



BSMPs and External Resources: Once it is well understood why existing weaknesses and barriers in the current methods of conducting the business exist, the process moves forward to outline formal steps for addressing those SWOBs. This step involves identifying the appropriate BSMPs to adopt and which external resources may be needed to move the business toward its succession planning process goals.

Components of a Written Plan

BSMP and External Resources


The process moves forward to outline formal steps for addressing those SWOBs. One or more BSMPs should be listed for each area in the written plan, as appropriate. In addition, external resources should be carefully considered in how they may help to accomplish each BSMP selected.

BSMPs

BSMP lists have been developed for each issue area. These lists provide suggested steps forward for various levels of assessment. Some BSMPs are concrete, specific action steps that contribute to overall improvement in the chances of successful management transition.

External Resources

Other BSMPs are specific action steps that are part of a process that leads to an improved way of interacting. Increasing levels of improvement are described by performing each succeeding step of the process on a regular basis. Visit the Resources section to view these BSMP lists.



Best Succession Management Practices (BSMPs):

Read on screen text

Components of a Written Plan

BSMP and External Resources

The process moves forward to outline formal steps for addressing those SWOBs. One or more BSMPs should be listed for each area in the written plan, as appropriate. In addition, external resources should be carefully considered in how they may help to accomplish each BSMP selected.

BSMPs

External
Resources

The "Management Succession: Where Are We?" course offered a number of external resources to assist in improving the success of management succession. Those resources should be consulted for the assistance they may provide for areas identified as weak or where barriers may exist to moving forward. Visit the Resources section to view these various sources.



External Resources:
Read on screen text

Components of A Written Plan

Introduction

The written plan should address:

- Assessment
- SWOB (Strengths, Weaknesses, Opportunities and Barriers) analysis
- BSMPs and external resources
- Description of transition goals
- Other details



1 2 3 4 5



Components of a Written Plan – Transition Goals

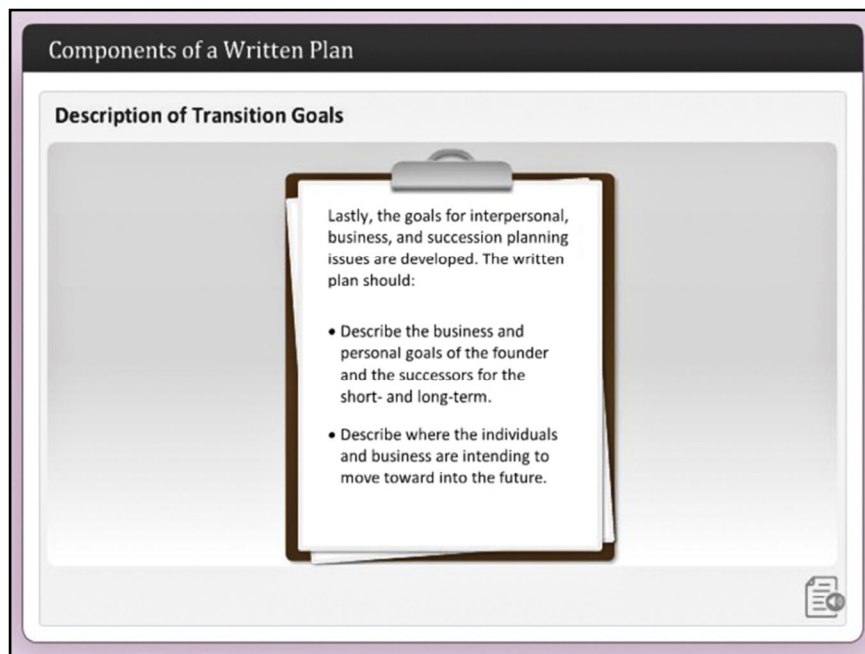
Finally, the written plan should provide a description of the transition goals for interpersonal, business, and succession planning issues within the overall succession plan.

Components of a Written Plan

Description of Transition Goals

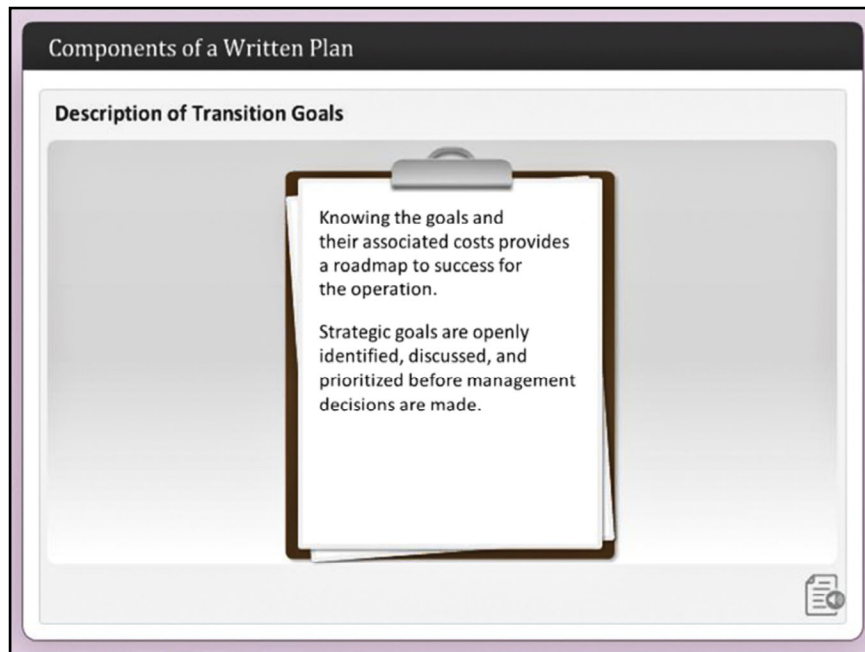
Lastly, the goals for interpersonal, business, and succession planning issues are developed. The written plan should:

- Describe the business and personal goals of the founder and the successors for the short- and long-term.
- Describe where the individuals and business are intending to move toward into the future.



The plan should describe the business and personal goals of the founder and the successors for the short- and long-term. Multiple goal statements may be needed to adequately describe where the individuals and business are intending to move toward into the future.

Planning in general helps us move forward in an orderly and proactive fashion and reduces the need to react after the fact when our environment or goals change.



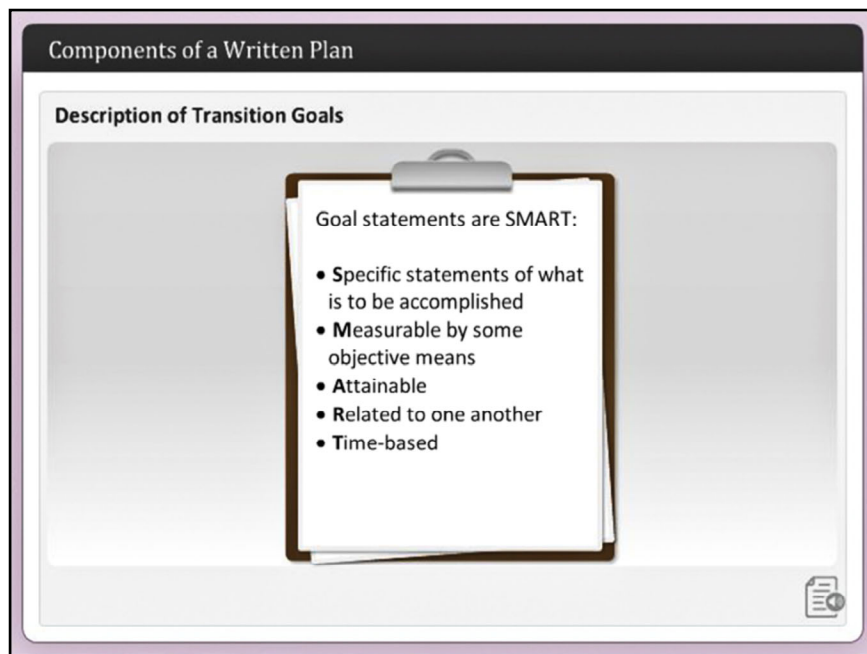
Knowing the goals and their associated costs provides a roadmap to success for the operation. Using goals, one can measure progress toward a destination. In goal-based management, strategic goals are openly identified, discussed, and prioritized before management decisions are made. Resources available 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.

Components of a Written Plan

Description of Transition Goals

Goal statements are SMART:

- Specific statements of what is to be accomplished
- Measurable by some objective means
- Attainable
- Related to one another
- Time-based



Ideally, goal statements are SMART: that is, they should be Specific statements of what is to be accomplished; they must be Measurable by some objective means; they must be Attainable; they must be Related to one another; and they must be Time-based.

Components of A Written Plan

Introduction

The written plan should address:

- Assessment
- SWOB (Strengths, Weaknesses, Opportunities and Barriers) analysis
- BSMPs and external resources
- Description of transition goals
- Other details

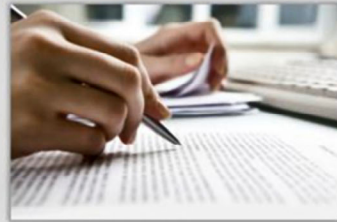


Components of a Written Plan – Other Details

Components of a Written Plan

Other Details

Other details of how the transfer of management and ownership of the business will take place should be included in the written plan.



Other Details are likely required to describe a path forward for the individuals and family members involved. Several steps may be required for each succession goal listed.

When completed, the management and ownership transfer plan should guide management decisions for the team, as well as provide a basis for evaluating progress on the plan via an annual review process.

The screenshot shows a web application interface with a dark purple background. At the top left is the 'MANAGEMENT SUCCESSION' logo. A navigation menu at the top includes: HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. On the top right is a 'the SUCCESSION Planning Process' logo. The main heading is 'Worksheets to Develop a Written Plan'. Below this is a large table with a grid structure. The table has four main columns: 'Assessment', 'Strengths/Weaknesses Opportunities/Threats', 'Key Succession Management Practices to Adopt', and 'Plan for Change'. Each of these columns has a sub-column for 'Notes'. The table contains three rows, each with a purple star icon in the 'Assessment' column. At the bottom left are logos for 'RoverRisk' and 'RMASDA'. At the bottom right is a small document icon and copyright information: '© 2013 RMA/ASDA, Inc. All rights reserved. Reproduction is prohibited.'.

Let's take a closer look at the worksheets that will help you with developing a written plan. There are several items that are similar between the Interpersonal, Business, and Succession Planning Issues Worksheets.

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the SUCCESSION Planning Process

Worksheets to Develop a Written Plan

Strength/Weakness Opportunities/Barriers	Key Succession Management Practices to Adopt	Use for Change
★	✖	★

SWOB
The assessment provides scores that will help you to identify:

- Various strengths and opportunities that you should find ways to capitalize on.
- Areas of weakness or barriers to moving forward that must be carefully considered.

RiserRisk RMASDA

Where the assessment identifies various strengths and opportunities, the team will look for ways to capitalize on them. Conversely, where the assessment process identifies areas of weakness or barriers to moving forward, those must be very carefully considered. Critical questions must be asked with the intention of seeking out reasons and explanations behind why certain practices have not been previously adopted. The time and attention devoted to thoroughly evaluating past practices will determine the success of the succession process.

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Worksheets to Develop a Written Plan

BSMPs and External Resources

In this section of the worksheet, you will outline the formal steps for addressing the SWOBs, which includes:

- One or more BSMPs listed for each area of concern, as appropriate.
- External resources should be carefully considered

RiserRisk RMA/ASDA

Once it is well understood why existing weaknesses and barriers in the current methods of conducting the business exist, the process may move to outline the formal steps for addressing the SWOBs. This step involves identifying the appropriate BSMPs to adopt and which external resources may be needed to move the business toward its transition goals.

One or more BSMPs should be listed for each area of concern, as appropriate. In addition, external resources should be carefully considered in how they may help to accomplish each BSMP selected. Several may be required for each succession goal listed.

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the SUCCESSION Planning Process

Interpersonal Issues Worksheet

The Interpersonal Issues Worksheet provides a workspace to develop a written plan to address the assessment areas of concern: perspectives, communication, and managing conflict, for management succession.

Where Do We Want To Go	Assessment	Plan
Perspectives	★	
Communication	★	
Managing Conflict	★	

Perspectives

Conflicts can stem from differences in the perspective of the founder and the next generation manager.

Need for Change of Where We Want to Go

RiskRisk RMA USDA

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Conflicts in management succession often arise when the founder begins to transition management functions to others.

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the SUCCESSION Managing Process

Interpersonal Issues Worksheet

The Interpersonal Issues Worksheet provides a workspace to develop a written plan to address the assessment areas of concern: perspectives, communication, and managing conflict, for management succession.

Management Succession Written Plan			
Where Do We Want To Go? INTERPERSONAL Issues			
Assessment Areas	Strengths/Weaknesses Opportunities/Barriers	Best Succession Management Practices to Adopt External Resources to Access	Goal for Change Description of Where We Want to Go
Perspectives			
Communication			
Managing Conflict			

Managing Conflict

When conflict occurs, here are four possible approaches you can use to resolve it:

- Work it out
- Mediation
- Arbitration
- Separation

RiskRisk RMA USDA

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All family businesses experience interpersonal conflicts. Put two or more people together and you run the risk of interpersonal conflict.

MANAGEMENT SUCCESSION

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the SUCCESSION Planning Process

Business Issues Worksheet

The Business Issues Worksheet provides a workspace to develop a written plan to address the assessment areas of concern: formalized management and business communications, for management succession.

Management Succession Written Plan	
Where Do We Want To Go	How Do We Get There
Assessment	Action
Formalized Management	
Business Communications	

Formalized Management

By formalizing the management of the business:

- Goals can be set, milestones determined, and progress evaluated more easily.
- Issues can be efficiently dealt with as they arise and changes made as needed.

RightRisk RMA USDA

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Transitioning a family farm business from the founding generation to the next generation may be thought of like taking a trip. The family needs to clearly know where it is - the starting point, where it wants to go - the destination, and how it can best get there - the journey. By formalizing the management of the business, the family can more smoothly undergo a transition like ownership and management succession.

MANAGEMENT SUCCESSION

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The SUCCESSION Planning Process

Succession Planning Issues Worksheet

The Succession Planning Worksheet provides a workspace to develop a written plan to address the assessment areas of concern: timeline, planning team, successor selection, written plan, plan communication, and retirement plan, for management succession.

Management Succession Written Plan			
Where Do We Want To Go? SUCCESSION PLANNING Issues			
Assessment Areas	Strengths/Weaknesses/Opportunities/Barriers	Best Succession Management Practices to Adopt/External Resources to Access	Goal for Change/Description of Where We Want to Be
Timeline	★		
Planning Team			
Successor Selection			
Written Plan			
Plan Communication			
Retirement Plan			

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The Succession Planning Issues Worksheet provides a workspace to develop a written plan to address the assessment areas of concern: timeline, planning team, successor selection, written plan, plan communication, and retirement plan, for management succession.

The main assessment categories are already included on the worksheet. Users should enter additional details and descriptions of assessment areas, as well as specific assessment scores as needed to develop the plan.

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Succession Planning Issues Worksheet

The Succession Planning Worksheet provides a workspace to develop a written plan to address the assessment areas of concern: timeline, planning team, successor selection, written plan, plan communication, and retirement plan, for management succession.

Overview

Succession planning process:

1. Establish a timeline for succession
2. Decide who should be involved in the development and implementation of the transition plan
3. Identify and select an appropriate successor
4. The written plan should describe the details and steps for various aspects of the transition plan
5. Once the plan is written, the details should be communicated
6. Retirement may mean scaling back rather than not working anymore
7. Step back from the business and enjoy your retirement

Where Do We Want To Go Assessment

Area	Priority	OK
Timeline	★	
Planning Team		
Successor Selection		
Written Plan		
Plan Communication		
Retirement Plan		

Goal for Change
Action of Where We Want to Be

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A big challenge in succession planning is knowing where to start. The seven-step succession planning process defines not only how to begin, but also important actions to take throughout the entire transition. Management succession is a process, not an event.

The screenshot shows a website page with a dark purple background. At the top left is a logo for 'MANAGEMENT SUCCESSION'. A navigation menu at the top includes links for HOME, FAMILY CASE STUDIES, SUCCESSION PLANNING PROCESS, WHERE DO WE GO FROM HERE, RESOURCES, NAVIGATION, and EXIT. On the right side, there is a logo for 'SUCCESSION Planning Process'. The main heading is 'Step 4: Develop a Written Plan: Summary'. Below this, it says 'Things to remember when developing a written plan:' followed by a bulleted list of three points. A small icon of a document with a plus sign is in the bottom right corner.

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SUCCESSION Planning Process

Step 4: Develop a Written Plan: Summary

Things to remember when developing a written plan:

- Plans are rarely accomplished exactly as described.
- Plans provide guidance to the successor and the planning team.
- Adjustment is required to ensure the succession proceeds in an orderly manner.

Document icon

The best crafted plans rarely come off as described. Many unforeseen obstacles and difficulties in implementation prevent execution as outlined. However, making progress toward the goals of the succession plan is what is important. It is critical that the successor and planning team keep this in mind. This is particularly important when the succession process for most family businesses will likely take more than one or two years to accomplish. A written plan can help. However, the succession team must review the plan at some regular interval. A review can remind everyone where the transition is in the process. But, perhaps more importantly, a review can show all the players how much progress has been made.

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the SUCCESSION Planning Process

Module Summary

Key points to remember:

- Steps in the succession planning process include:
 - Establish a timeline
 - Establish a planning team
 - Select a successor
 - Develop a written plan
 - Communicate the plan
 - Plan for retirement
 - Enjoy the future
- The components of a written plan should include:
 - Assessment
 - SWOB analysis
 - BSMPs and external resources
 - Description of transition goals
 - Other details
- It is important to plan for both ownership and management succession in your business.



This is the end of the Succession Planning Process module. In this module you reviewed the seven steps for effective succession planning and applied the skills learned in the family case study analysis to develop your own written plan. Review the key points listed on screen, then explore one of the other course modules to learn more about succession planning.