

Family Business Succession or Extinction

Most family businesses are just one step away from extinction. Sound harsh? According to PWC, only 23% of family businesses have a robust, documented succession plan.

If family business leaders don't intentionally infuse the family values, vision, and culture into successors, will the family business be sustainable? The importance of leadership for succession is required! If a key leadership role in your business was unexpectedly vacated by death, disability, or disqualification, who is ready to step up? Understanding the value of succession planning requires everyone to be more engaged.

Five factors play a significant role in working towards smooth succession:

1. **Build your bench:** You can't run a relay by yourself. Running a relay, like succession planning, requires the development of runners. Succession planning requires a family business to always have an eye on high potential leaders so they can develop them for future needs. Like training for a race, systematically developing successors also means systematically providing the right experiences to build the correct skill sets for the future.
2. **Make the transition seamless:** When a succession plan is well-executed, and a smooth leadership transition occurs, the family and the business do not miss a step moving forward. The baton is passed with ease. Making the transition seamless requires planning, preparation, and effective communication. Part of building a bench of talent is instilling in future leaders the cultural DNA of the organization, which will help provide continuity from exiting leader to successor during transitions.
3. **Cast the vision:** The vision is the shared image of the family's definition of success and what the family wants the business to be. The vision provides a future orientation. It points the direction for where you are going.
4. **Nurture the values:** Every family has values. They may be spoken or unspoken. Some families live out their values more closely than others, but each family and business has a set of values. Though the world is ever changing, a family's core values should be constant. It is who you are as a business family. Values are energizing, motivating, and inspiring. When people care passionately about something, they spur themselves to great achievements. The core values really are conscious motivators!
5. **Provide mentoring:** A mentor to rising leaders will help the family business function with discipline and forethought to ensure sustainability for future generations. A mentor can help the family establish frameworks for succession, provide training, help with skill development, and foster reflective planning for the future.

As a family business, avoid extinction by focusing on these five factors for successful succession.

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