

## Effective Planning For Succession

Moving an enterprise forward requires the right people, doing the right things, in the right place, at the right time. Like strategic thinking and planning, succession planning starts with where the family's and staff's abilities are now, considers where they need to be, and determines how the enterprise will help them get there.

Effective succession planning is a process that can make or break the future of an organization. A survey by The National Bureau of Economic Research found over 40% of Family Businesses have not adopted a Succession Plan. In a separate study of family-owned enterprises, it was found 78% have no transition team and 83% have no written transition plan.

Implementing a transition team of key internal members and non-family advisors will have the ability to determine the Knowledge, Skills, and Abilities needed for the future. As we experience the continuance of today's volatile business and social environments it is critical now, more than ever, to determine the model for the future leadership of the business.

Succession planning cannot be limited to the rising generation of family members. It is essential to create a deep bench of leaders throughout the enterprise that support the family ownership, understand and endorse the family mission and values, and have the interpersonal skills to lead

There are a number of factors to consider in effectively planning for succession:

1. **Roles and Responsibilities.** Accurately determine what roles and responsibilities are essential for the organization, difficult to replace, and will need to be transitioned in 5 – 10 years.
2. **Knowledge, Skills, and Abilities.** Define the knowledge, skills, and abilities needed in those positions both now and in the future.
3. **Current Talent Pool.** Examine the current talent pool of individuals in the family and the business to understand potential options for future leadership.
4. **Development.** To be effective, development plans require thoughtful planning, diligence, and follow-through.
5. **Preparation.** Help the future leaders earn the respect of the family, the business, and outside stakeholders.

Grooming the next leader in advance can help ensure the transition will be smooth, effective, and successful. By beginning this process now, it allows for the ability to identify and address critical business needs for the business moving forward. The early beginning of building a process and system can also ensure proactive continuity of senior leadership and it may minimize a potential of post-succession executive turnover.

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