



Five steps every family business should take for a successful succession

In going from one generation to the next in a family-run company, there are a lots of minefields to avoid. A big one: Don't rule from retirement.

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Transitioning a family business to the next generation can be (and often is) a bumpy road. Unlike publicly owned companies, successions in family

businesses do not have the luxury of ignoring emotions in service of stockholders.

Family businesses — much like families — are complicated. That doesn't mean a family business succession can't be smooth. The most successful family business successions occur when the senior leader understands the need to start the process early, is willing to ask the difficult questions — and accept being uncomfortable until those questions are answered.

After 30 years of working with family businesses, I've found the most successful successions happen when a leader approached the transition as a thoughtful process, taking the time to ask the questions that allowed them to create a clear picture of what the next steps would look like, anticipated the issues and were honest about their emotions. It's not a linear process, but by approaching it thoughtfully, a blueprint of how to be successful in the process will emerge. So how should a family business create this process? In my experience, answering five questions — the why, who, how, what and where — goes a long way in creating a successful and smooth transition.

The Why

This is the self-reflection portion of the program. Leaders who look to

transition the business to the next generation must start by asking themselves the hard questions: Why do you want to make this transition? What will you do next? Are you *really* ready to let go? Too often, succession planning relies on assumptions — that it's “just time,” that “I won't miss it” and crucially, that the next generation, be it a son, daughter or other family member, actually wants to run the company! Be honest with yourself and answer the questions you put off. It's the only way to move forward with a smooth transition.

The Who

After you have asked and answered the hard questions (and you're still ready to continue the succession plan), it's time to choose a worthy successor. Be open to the successor NOT being a family member — especially if no family member wants the job or is not suitably qualified to handle it. Start by talking to your kids or other family members and ask them to be honest. Do they really want to run the business without you? Are they passionate — or was working with you the easy choice for a job? Honest, transparent communication is essential. But you have to ask the question, not assume you know the answers. And whether you have a successor in mind or are considering multiple options, have them present their vision for the future of the company — and their plan to get there. A leader without a plan is no leader at all.

The How

The answer to the question of how to successfully transition your business to the next generation is simple: Let go! Don't attempt to rule from retirement. Be comfortable with your decision. It's easier said than done of

course, but there are ways to ensure your wishes and legacy live on without you needing to be in the business. Create and discuss clear expectations for how the company will be run after you go, and how the transition will take place. Create governance rules for decision making in the company going forward. You have to be willing to take the time to do this. Start early — five years if possible — because it's not a one-year process.

The What

Choosing a successor and making a plan is a great start, but it's not everything. There are various other considerations and actions you must take to execute the transition, starting with talking to the rest of the family — the ones who won't be running the business, but still have a financial stake. Ask how they feel about the succession and be clear about everyone's roles and equity. If more than one family member will work in leadership, what will the organizational structure be?

The Where

Where does the senior generation continue to fit in? Will you plan to offer guidance and mentorship formally or informally after the transition? Your best move is to guide the next generation to create *their* vision, then step aside. Be open to change and let them make mistakes. Where you fit in is as a safety net — not a decisions-maker. Part of a successful transition is you actually transitioning out of your role. But don't worry, an enriching life lies ahead.