

■ OPINION

# Succession needs planning

“The road to business succession can be full of potholes or paved with gold.”

That’s the subtitle of the book *Succession & the Family Business* by John Geddes, a certified management consultant and founder of Planning Dynamics Inc.

Geddes says, at some point, a family-owned business will undergo an ownership transition. You have two choices: plan for it, or don’t and hope it will all work out.

The statistics are compelling: 80% of North American businesses are family owned or controlled and 30% of businesses survive transition to the next generation.

“Family systems are designed to care, develop and love. A business is designed to make money. So there’s often a collision,” says Geddes. “People think that because you’re family, you should be able to work



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together, but often the family goals are different than the business goals. That’s where the conflict starts.”

Many people feel that discussing the transition or sale of their business will cause family and business conflicts.

“But failing to plan is sure to cause conflict, along with frustration, resentment and erosion of the business,” and “family relationships can also be destroyed in the process,” says Geddes.

He outlines what he calls 10 potholes in the road, or key succession issues faced by businesses. For example: Leaving succession planning until there’s a flashpoint. This is where health or other

issues force decisions, but there is no documentation outlining your future plans, so family members have to guess.

Of course, you can make the important decisions, or not make them at all.

Some specific steps to prepare for succession include:

- A family meeting to discuss business (not family) issues. Anyone affected by business decisions should be present, even if they don’t work directly for the business. The outcome should be a blueprint for the future of the business, outlining successors, roles and responsibilities.
- Create an advisory board. Ask three or four people you trust — and who aren’t involved in the business — to act as an unofficial advisory group. Meet quarterly with them to review financial statements, discuss human resources issues, market challenges and other

decisions on which the owner needs input.

- Define jobs for family members coming into the business. Like any employee, they should do a job for which they’re qualified. Creating a job description, or job role, will minimize conflict later.

• TRUST, that Geddes’s acronym for Trust, Respect, Uniformity, Share and Transparency. The key to any family business is trust and respect for each other. Everyone in the business is trained and treated the same. The owner shares information about the business with everyone close to them and ensures all business dealings are transparent.

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