

MANAGEMENT ADVISORY GROUP

Checklist for Passing the Baton



by Stanley I. Simkins

1. Develop a business plan... with an outside advisor -- so your management team knows your vision and the manner in which YOU intend to achieve it.
2. Develop a succession plan...with your family business members -- so they can participate in your decision process while also learning the process for their next generation.
3. Determine your retirement funding needs... with a professional financial planner -- so you know what you need and the timing for obtaining it.
4. Obtain an independent valuation of your business... from a professional firm - so you have a realistic assessment of the "nest egg" you have created.
5. Finalize your legal agreements... including wills, estates and trusts, buy/sell agreements -- so your family is not subjected to unnecessary hassle, delay, and expense.
6. Identify and separate family issues from business issues... with minimal emotional bias -- so you deal with issues and not "baggage".
7. Create a "family council"... not the same as a Board of Directors -- to enhance communications, relationships, and decision making among family members.
8. Ask yourself (and your family members) if you are prepared to do what it takes to survive... given that 2 out of 3 family businesses do not make it past the 2nd generation, and 6 out of 7 do not make it through the 3rd generation -- due to inadequate succession planning.
9. Identify resources who may aid during an "unplanned transition" (i.e. your death or disablement)... such as other similar non-competing businesses, members of a trade group, joint venture partners, consulting firms, and other professional advisors -- so that family members have someone to rely on during the transition.
10. Learn the rest of the steps not listed here... by reading books, articles, joining a family business institute -- so you are prepared to implement them successfully.

Stan Simkins is President of Management Advisory Group (MAG) in Albany NY specializing in working with family-owned businesses to move from one generation to the next by enhancing communications, conflict resolution, leadership development, business plan development, and dealing with financial matters. He also serves as Executive Director of the Capital Region Family Business Resource Center in Albany, NY (www.capitalfamilybusiness.com). Stan is a member of the Family Firm Institute, and the American Institute and New York State Society of CPAs.

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