

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.

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