

Who Will Follow in Your Footsteps?

It usually takes years to build up a successful business. Before you know it, it will be time to hand over the reins to the next generation. But choosing a successor may be more difficult than you might think.

For instance, you may have to handle such sensitive issues as family rivalries, equality, love, money, taxes, and your own mortality. While you may want to divide control of the business among several children, most companies function more effectively with one person in charge. Or you might have an outsider take over.

In any event, you need to assure lenders, customers, and suppliers that business will continue as usual. Here are several ideas to consider as part of a comprehensive succession plan.

- Set up an outside board of directors or advisers who are business people themselves. They can help you choose and train a successor.
- Create a development plan for potential successors. Your sudden death or disability could leave the business without a leader unless you plan for your successor's career. The best thing to do is to implement a plan to evaluate job perfor-

mance and a plan establishing how the new leader will gain the technical expertise and skills needed to take command.

- Aid in the development of your successor's credibility. You have succeeded in part because your employees, lenders, suppliers, customers, etc., recognize your leadership skills and experience. Your successor needs to achieve that same level of credibility.
- Teach the successor the business from the bottom up and eventually let him or her run a separate department. There's no substitute for experience.
- Bring in an outside consultant. Although a child may be perfectly qualified to take over, personality conflicts may get in the way. In these cases, some owners hire outside consultants to oversee the transition process. However, depending on the situation, this approach may be costly.
- Arrange counseling to break stalemates. When conflicts

within the company threaten to disrupt the business operation, your business advisers may be able to smooth things over.

- Meet several times with the rest of your family. By having frank discussions, you can reveal your vision of the future, allow younger family members to express their personal goals, and help resolve potential conflicts.

Of course, there are numerous factors to consider – including the tax ramifications – when you transfer control of a business. Make sure you have all the information you need before you proceed. ■



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