



Athletes compete in the girl's 4x100m relay race at the Jamaica's Inter-Secondary Schools Boys and Girls Athletics Championships in Kingston March 28, 2012.

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Is your business ready to move on without you?

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You could ask business owners a million questions about their succession plans.

Most of them are keenly aware of the importance of this one: “What happens to the business, and to your family, if you are no longer able to lead an active role in the company?”

But succession planning often takes a back seat to daily operations, to the detriment of the company and its owner. Obtaining the best succession outcome not only comes from having a strong, well-managed company, it comes from planning for the future, so you don’t get caught flat-footed when life throws a curve ball.

I recently met with the CFO of a family business. If you need to determine an owner’s level of commitment to transitioning the business, he said, ask the following three questions:

1. Have you sat down as a family unit for a discussion?

People don’t have “money talks,” and “family talks” can be even more awkward. Many owners have plans in mind that never make it to paper, and they are certainly not shared at the dinner

table. Research by [Financial Executives International](#) (FEI) shows that only 26 per cent of owners have sat down with their families to discuss their businesses and their futures.

2. What steps are you taking to get ready?

The plan could be to pass the business to a family member. Or to leave it to a group of family members and outsiders. Or to sell the business entirely and try to craft a deal that would keep family members employed to run the business. All are potentially sound plans, but the reality may not match expectations.

The trouble is that sometimes when an owner leaves, there is no longer a business. For example, if the owner has invested years in growing the business and in developing deep personal relationships while serving its clients, there can be a lot of loyalty to the person instead of the brand. When the owner leaves, the customers are often not far behind.

Another problem arises when owners carry too many of important details in their heads. It can limit the development of formal systems and professional processes, leaving a big gap if owners get taken out of the equation.

When the CFO I met with asks about the state of readiness to put a succession plan on paper, it implies there's a quick fix if a business is not ready. Putting formal procedures and policies in place can take a lot of time and effort, especially if it's going to be part of the organization's culture. This sort of "professionalism" does not happen by snapping your fingers – it takes time, resources, and thoughtful forward planning.

3. What do you do in the winter?

The big succession question is how long the owner can step away from the business. If she goes down to Florida and stays for a week, but she's on the phone checking orders and other details, there is no business to sell. If the owner says "I go to Florida and stay for a month" – or three – you know it can run without her and there may be an attractive company for sale.

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