Succession planning transition readiness assessment

How well are you facing the future of your family business? Take a few minutes to assess your readiness by placing a score in front of each statement. Answer the question from the perspective of the owner. If you are a prospective successor see how many of these questions you know your parents have considered.

0 = Not at all
1 = I/they have thought about it
2 = I/they have mentioned it occasionally to family or friends
3 = I/they have dealt with it properly

- I have identified who will take over the management of the business
- The identified successor has agreed and knows what is required to take over the business
- There is a firm plan in place to ensure my successor has the appropriate skills and knowledge to take over and grow the business
- My successor knows and understands everything in the business (financial and management) should I die unexpectedly
- My successor is capable of running and growing the business successfully in my absence
- The family has regular talks about the business and family's future
- The business has a strategy for achieving the vision which is known and understood by both family and employees
- Business values are well understood by all involved
- The identified successor has values consistent with those of the business
- I have other interests besides work
- I know my/our retirement needs
- The business can afford to provide the retirement lifestyle I/we desire
- I have set my date of retirement and made plans
- I have a team of people to guide the business and help me
- I know where to go for assistance if I need it
- Wills are up to date and fully reflect my wishes
- All my family members are aware of the content of my will, know my wishes and the name of the executor(s)
- I have talked to my immediate family members individually about his/her future dreams and plans
- I know my individual family members’ needs, wants, expectations and fears, as they relate to the transition
- My main objective when thinking about transition is to minimise tax
- The business is able to be passed on as a viable business and can continue to grow
- If my business partner dies or is disabled unexpectedly, I know the contents of their will as it relates to our business
- I have spoken to my family members about the business and other investments
- I have spoken to my family members about inheritance
- My family does not always communicate effectively and I am trying to resolve this
- Family conflicts and disagreements are known
- Any known family conflicts are in the process of being resolved
- Each member of my family is able to talk face to face about all disagreements
- Each of my children is assured they will be treated fairly in my will
- I have discussed management transition with my employees
- I wish to have a successor

Total Score:

0-70: Consider setting up a family meeting with an independent facilitator to discuss your family’s business future. If not dealt with properly and in a timely manner, you run the risk of family disharmony and business failure.

70+: Well done! Consider a review of your plan to ensure it is current and the five Ds of death, divorce, disability, disaster and dispersal (of assets) are covered such that they are capable of being implemented tomorrow should the need arise.

Information sourced from Farm Ownership and Transition Workshop Resource Book, developed by Mandi McLeod for Beef and Lamb New Zealand.