

Exercise The Succession Muscle

Begin the planning process with activities that build your capacity for change.

In a family business, the word “succession” is often followed by the word “plan.” The idea is that handing off the business is mostly about clarifying the goals, timeline and activities that will result in a successful transition. Identify the necessary changes, set some key dates, confirm a financial strategy, and you’re done.

Not so fast. Developing a plan for succession is quite different than the act of succession. It’s like jumping out of an airplane: You can learn about aerodynamics, be trained to parachute and even have a plan for where you’ll land, but that doesn’t mean you will actually jump or safely navigate the journey back to earth. A plan looks and feels a lot different when you are on the ground looking up than when you are 10,000 feet high looking down.

Succession involves a range of complex issues. It can be emotionally difficult by challenging one’s identity, purpose and mortality, and sometimes even testing one’s marriage. It is fraught with financial complications made more difficult by ever-changing tax laws. And, success often depends on the behavior and relationships of other family members and key employees, some of whom may not work well together. No wonder so many people hesitate or even avoid the topic altogether.

A different way to frame succession is to think of it as exercising a muscle. Instead of starting with an intimidating planning effort, begin with a series of activities that flex the muscle and build your succession capacity. Consider the following three practices.

LEAVE FOR A PERIOD OF TIME

Most next-generation family-farm and ranch members want the senior generation to feel comfortable staying around the business as long as possible. Their labor and wisdom are helpful, and it gives older participants a sense of purpose. However, if hanging around means they still set priorities, direct staff or change the daily plan, frustration can set in.



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Leaving for a couple of weeks at a time, or even for several months, can help both generations get comfortable in new roles. A related concept is to make sure the senior generation intentionally shows up later in the workday after the daily plan and assignments have been established by the younger leaders.

INTRODUCE YOUNGER PEOPLE

Landowners, vendors, lenders and professional advisers become comfortable communicating with the senior generation members over decades.

After all, they work through difficult times, build relationships through negotiation, celebrate successes, eat meals and sometimes even go on trips together. Younger people will never replace decades of interaction. Instead, they need to start their own relationships.

Accelerating succession means making intentional introductions of younger managers and looking for ways to reinforce their interaction with people who are key to the business. I know of several farms that place the next generation into first-line contact with key landowners by negotiating leases, providing farm updates and delivering checks, thereby reinforcing the succession process. It doesn’t mean the older generation exits the relationship, but it does mean landowners start building a comfort level with the future leaders of the operation.

DOCUMENT THE ORG CHART

The chain of command is often not written down in family farms and ranches. The lines, boxes and titles often feel too formal or bureaucratic, and people generally seem to know who is in charge. But, when the younger generation is transitioning into leadership, and the business is growing, the hierarchy can be difficult to modify. Writing down who answers to whom can reinforce your succession goals while giving the next generation the authority and confidence to take the lead.

Planning for succession is easier than doing the work. By focusing your early efforts on activities that build your succession muscle, you increase the odds of a successful handoff. ///

