



Strategic Business Succession:

The Handoff

Introduction

What Strategic Business Succession Means

- Business Succession = transfer of ownership
- Strategic = long-term aims + means to achieve them
- Goal: A healthy, future-ready business before ownership changes

Two Key Principles

- Business must be genuinely healthy before the hand-off
- Due diligence exposes shortcuts and reduces value

Our Focus

- Prepare the business for a successful future
- Increase value regardless of who owns it

The Four-Phase Approach

1. Define the "ideal state" or destination
2. Assess current conditions
3. Analyze the gap between the current conditions and the "ideal state"
4. Develop strategies and action plans to close the gap

Phase I: Defining the Ideal State

Why Define the Ideal State?

- Establishes a specific destination before starting the journey
- Owner defines personal vision for his/her life, and for the business
- Becomes the focal point of the succession plan

Personal Vision for the Business Owner's Life

- Private exercise for owner + family
- Ensures business vision aligns with personal dreams
- Prevents personal life erosion

Personal Vision: Key Considerations

- Daily work life
- Ownership structure
- Family involvement
- Retirement needs
- Successor identification
- Lifestyle and passions
- Living arrangements

Multi-Owner Considerations

- Different ages and life stages
- Need to share key elements
- Annual review recommended

Go to Exercise 1

Vision for the Organization

- Defines ideal future state of the business
- Must align with Personal Vision
- Drives daily employee behavior

Organizational Vision: Characteristics

- Written in future tense
- Specific end point
- Communicated regularly
- Realistic and measurable

Example Vision

"ABC Pest Control will be the first choice for residential pest control services in Miller County."

- Measure progress by market survey every two years

Linking Vision to Strategy

- Vision = destination
- Strategy = route
- Controls = progress tracking/regular review meetings

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Phase II: Candid Assessment of the Current State

Four Assessment Tools

- Personal life – “The Ouch Test”
- External industry and market realities – The Seven Factor Analysis
- Making strategic choices – “The Ideal Attributes Tool”
- Internal Analysis – Strengths, Weaknesses, Opportunities, Threats

The Ouch Test

- Brief self-reflection
- Private, not shared
- Identifies personal misalignments and gaps

Go to Exercise 3

External Realities

- Analyze each market segment separately
- Avoid making assumptions about future environmental realities
- Use objective data

Seven Environmental Factors

- Economic conditions
- Industry trends
- Competitive environment
- Demographic shifts
- Government regulations
- Access to raw materials
- Technology changes

Best Practices

- Analyze the seven factors regularly
- Track trends
- Make planning a continuous process, not a periodic event
- Maintain contingency plans

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The Ideal Attributes Tool

- Objective analysis of customers/markets
- Identifies where to invest or divest
- Supports strategic decisions

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Internal Analysis of the Business

In each market segment, assess your:

- Strengths
- Weaknesses
- Opportunities
- Threats

SWOT Pitfalls

- Ignoring external factors
- Long lists with no action
- Tendency to confuse symptoms with root causes

Strengths

- True competitive advantages
- Limit to top three
- Maintain strengths relentlessly

Weaknesses

- Competitive disadvantages
- Limit to top three
- Identify underlying causes

Opportunities & Threats

- Opportunities: external, realistic
- Threats: uncontrollable, require contingency plans

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Phase III: Gap Analysis and Make-or-Break Priorities

Gap Analysis

- Compare ideal state vs. current state
- Reveals what must change

Make-or-Break Priorities

- Few in number (max three)
- Often weaknesses that must be fixed
- High-impact and strategic

Example Priorities

- Recruit, develop, retain employees
- Utilize effective marketing for growth

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Phase IV: Closing the Gap

Setting Quantitative Expectations

- Define measurable outcomes
- Expectations = required results
- Focus on outcomes, not tasks

Example Expectations

- Increase website visits by 15% each year
- Increase referrals from current clients by 12% each year
- Increase customer retention by three percentage points each year

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Strategies & Action Plans

- Identify major steps
- Assign accountability
- Set realistic due dates

Structure Follows Strategy

- Structure must support the plan
- Avoid overlap and duplication
- Plan for succession

Future Organizational Chart

- Start with top-tier roles
- Build for the future, not today

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Required Skill Sets

- List duties per role
- Define ideal candidate profile, similar to a “want ad”
- Do not consider current employees yet
- Complete the exercise every time you modify your chart
- Include the listing the leader’s required skill sets

Go to Exercise 11

Talent Needed vs. Talent On-Hand

- Identify who fits, who can develop, who cannot
- Use objective criteria

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Developing Employees to Fill Gaps

- Joint responsibility
- Development plans tailored for each specific employee
- Prepare people before promoting
- Employee development is an on-going process

Handling Underperformance

- Use measurable standards
- Provide support
- Set consequences
- Reassign or remove when necessary

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Recruiting New Talent

- Interviewing is a learned skill
- Use multiple interviewers
- Consider personality assessments
- Strong onboarding is essential

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Review Process

- Regular review meetings
- Leader drives the process
- Outside facilitator can help
- Mandatory attendance

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Closing Thoughts

Legacy

- Time
- Talents
- Treasures
- Long-term personal impact
- E-Book: “Your Next Checkered Flag: The Ultimate Joy Ride”

Thank You

- Appreciation for participation
- Continued support available