



# Strategic Business Succession:

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## 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

## Go to Exercise 2

# **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

## Go to Exercise 4

# The Ideal Attributes Tool

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

**Go to Exercise 5**

# 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

**Go to Exercise 6**

# **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

**Go to Exercise 7**

# **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

**Go to Exercise 8**

# 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

**Go to Exercise 10**

# 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

**Go to Exercise 12**

# 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

**Go to Exercise 13**

# Recruiting New Talent

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

**Go to Exercise 14**

# Review Process

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

## Go to Exercise 15

# **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