

MANAGEMENT
SUCCESSION

WORKBOOK



Management Succession Workbook

The *Management Succession* workbook is intended to accompany and compliment the online RightRisk courses entitled: *Management Succession: Where Are We?*, *Management Succession: Where Do We Want to Go?*, and *Management Succession: How Do We Get There From Here?*

Many other resources are available to assist families in transferring management responsibilities to the next generation. Several have been noted within the pages of this workbook under the headings *For Further Reading*. This is not intended to endorse or recommend any particular resource, but rather to offer the user suggestions for additional information. The online courses also offer links to additional resources not noted in the pages of the workbook.

End of life planning online courses are also available from RightRisk to assist families with planning for transfer of asset ownership and other end-of-life issues as: *A Lasting Legacy* course one and *A Lasting Legacy* course two.

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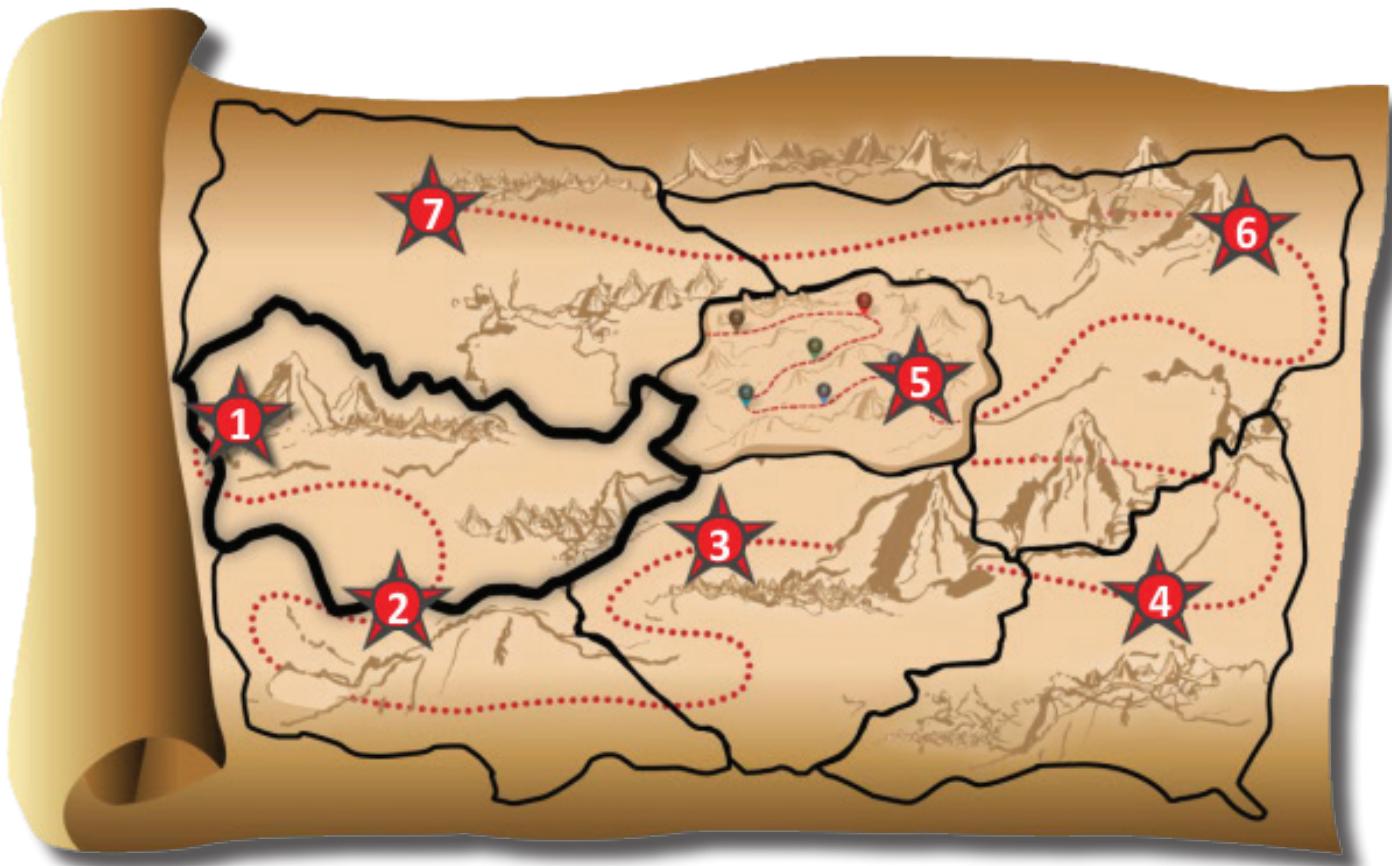
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EXECUTIVE SUMMARY

The executive summary is a brief summary of the succession plan. This section should be completed after the plan is developed. This summary briefly tells the reader the major details of the plan in a few paragraphs. Remember to provide only the highlights of each section of the plan. If the readers want more detail, they can find it in the plan.



Management Succession Plan:

How Do We Get There From Here? Executive Summary WORKSHEET

Provide a brief summary for the Management Succession Plan. This section should provide an overview of the steps planned, who will be involved, and how the transition will take place.

Business Overview

Strategic Plan Overview

Retirement Plan Overview

Executive Summary, page 2.

Management and Ownership Transfer Plan Overview

Financial Plan Overview

Contingency Plans Overview



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Further Reading:

Executive summary, Wikipedia.

http://en.wikipedia.org/wiki/Executive_summary

How to Write the Executive Summary, by Alyssa Gregory, Small Business Information Expert, About.com.

<http://sbinformation.about.com/od/businessplans/a/What-Is-A-Business-Plan-Executive-Summary.htm>

How to Write an Executive Summary, WikiHow.

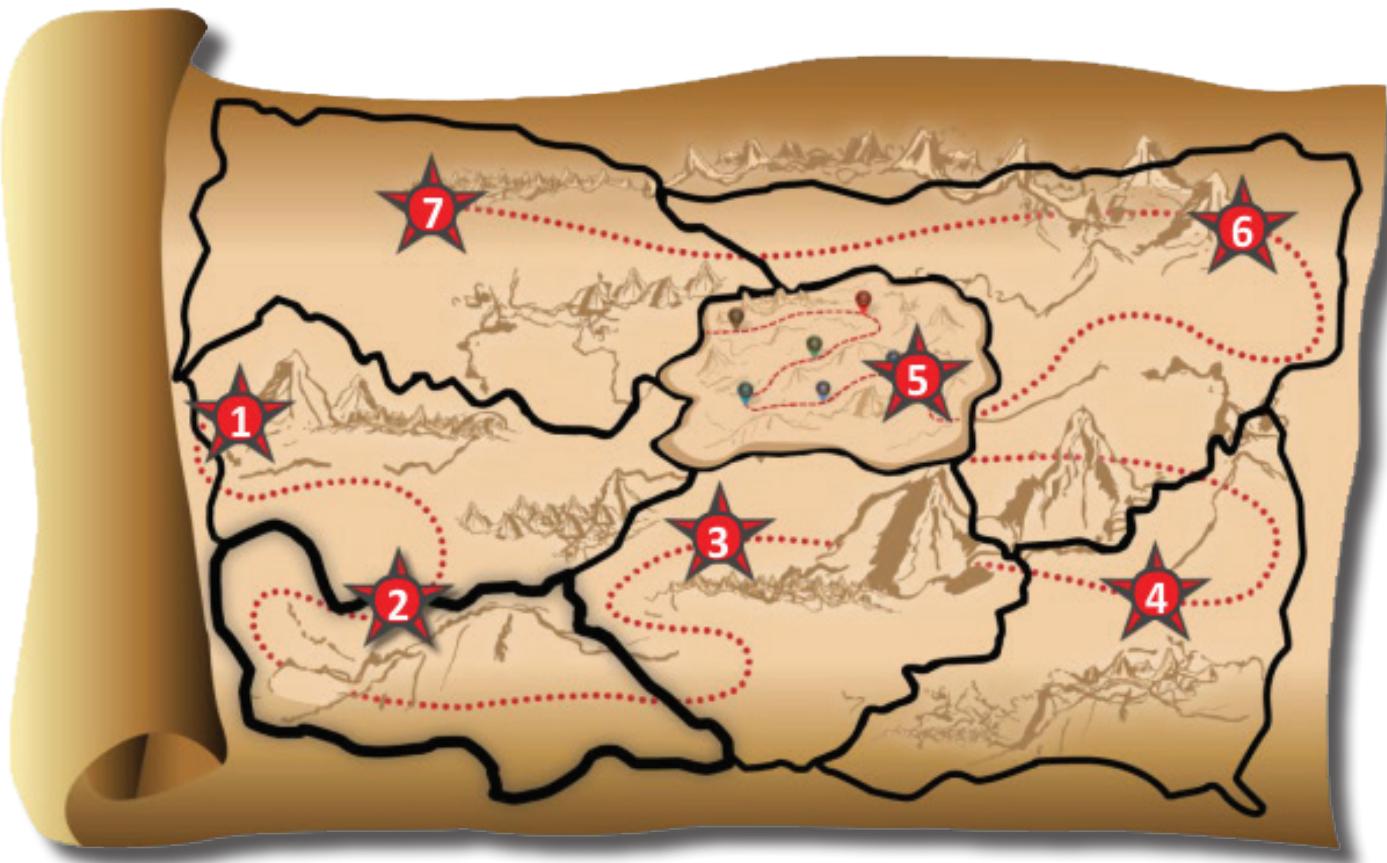
<http://www.wikihow.com/Write-an-Executive-Summary>

How to Write an Executive Summary by Beverly Bird, eHow.

http://www.ehow.com/how_16566_write-executive-summary.html

BUSINESS OVERVIEW

Unlike the executive summary, which must be concise, the business overview is where you can start elaborating on the details of the business. Typically this section is used to specify the size and location of the business, and a brief history of the farm/ranch's history. This section is also used to explain the vision and goals of the business.



Management Succession Plan:

How Do We Get There From Here? Business Overview WORKSHEET

Provide a brief summary of the business and how things stand. This section should provide an overview of the location, history, structure, and products of the farm/ranch, as well as the steps planned, who will be involved, and how the transition will take place.

Business location, size of operation, people involved:

Business history, how started, changes in management, products sold:

Form of business ownership and management structure:

Ownership structure:

Management structure:

Business Overview, page 2.

Business values, vision and expectations to maintain during the transition:

Values:

Vision:

Expectations:

Business goals that must be maintained during and after the transition:

Goal #1:

Goal #2:

Goal #3:

Goal #4:

Goal #5:



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Further Reading:

Getting On Track: Better Management Through Basic Ag Records, a RightRisk course including four vignettes titled: Preserving The Tradition, Putting All Your Eggs In One Basket, Get The Max From Your Tax, And 4-H Gone Hog Wild. Other topics covered include: Why Keep Records?, Basic Record Keeping 5 Easy Steps, Keeping Production Records, Keeping Financial Records, Schedule F, Where Do I Go From Here? A glossary, frequently asked questions, and resource links are provided, along with example records systems and much more.

<http://rightrisk.uwagec.org/Courses/RecordsCourse/RecordsCourseLoader.htm>

Getting on Track: Better Management Through Basic Financial Statements, a RightRisk course covering: An Introduction To Financial Statements, Cash Flow Statements, Balance Sheets, Income Statements, Statement Of Owner Equity, And Where Do I Go From Here?. Also included are a glossary, resource links for further research, and many other features.

<http://rightrisk.uwagec.org/Courses/FinancialStatements/StatementsCourseLoader.htm>

Getting On Track: Understanding Financial Performance, a RightRisk course covering What Is Financial Analysis?, Measures Of Liquidity, Measures Of Solvency, Measures Of Profitability, Measures Of Financial Efficiency, Measures Of Repayment Capacity, And Where Do I Go From Here? A glossary, frequently asked questions, and resource links are provided, along with example records systems and much more.

<http://rightrisk.uwagec.org/Courses/FinancialAnalysis/AnalysisCourseLoader.htm>

Resource Inventory, an Enterprising Rural Families course covering strategic management and goal setting for families in business across two modules and 5 lessons. Other materials include: twenty-two system inventories, eight readings to embellish course material, and thirteen interactive components and exercises to enhance participant learning. Also included are a glossary, resource links for further research, and many other features.

<http://eruralfamilies.uwagec.org/Courses/ResourceInventory/ERFCourse2Loader.htm>

How does our business team function?, Enterprising Rural Families Library.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/AssessTeamFunction.pdf>

What are we? - a business description, Enterprising Rural Families Library.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/AssessDescription.pdf>

Human resource assessment, Enterprising Rural Families Library.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/HumanResourceAssessment.pdf>

Intellectual Property Inventory, Enterprising Rural Families Library.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/InvenIntellProp.pdf>

Industry and Market Inventory, Enterprising Rural Families Library.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/InvenIndMkt.pdf>

Industry Resource List, Enterprising Rural Families Library.
<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/IndResourceLst.pdf>

Where Do Your Cycles Overlap?, Enterprising Rural Families Library.
<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/AssessCycles.pdf>

Conducting a Ranch or Farm Resource Inventory, Enterprising Rural Families Library.
<http://eruralfamilies.uwagec.org/ERFLibrary/Videos/WIREVideoLibraryWEB/WIRE4-Web.rm>

Evaluating Enterprises, Enterprising Rural Families Library.
<http://eruralfamilies.uwagec.org/ERFLibrary/Videos/WIREVideoLibraryWEB/WIRE5-Web.rm>

Financial Resource Forms, *Enterprising Rural Families Library.*
Family Financial Management Assessment.
<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/FamilyFinancesAssessSWOT.pdf>

Financial Inventory Prolog.
<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/InvenFinPro.pdf>

Financial Inventory - example.
<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/InvenFinEx.pdf>

Financial Inventory - blank form.
<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/InvenFin.pdf>

Risk assessment.
<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/RiskAssess.pdf>

All About Financial Management in Business: Financial Statements by Carter McNamara, Free Management Library.
<http://managementhelp.org/businessfinance/index.htm#anchor561142>

Legal Forms and Traditional Structures of Organizations by Carter McNamara, Free Management Library.
<http://managementhelp.org/organizations/structures.htm>

Business Overview Template, The Wharton School, University of Pennsylvania.
<http://bpc.wharton.upenn.edu/businessoverviewtemplate.html>

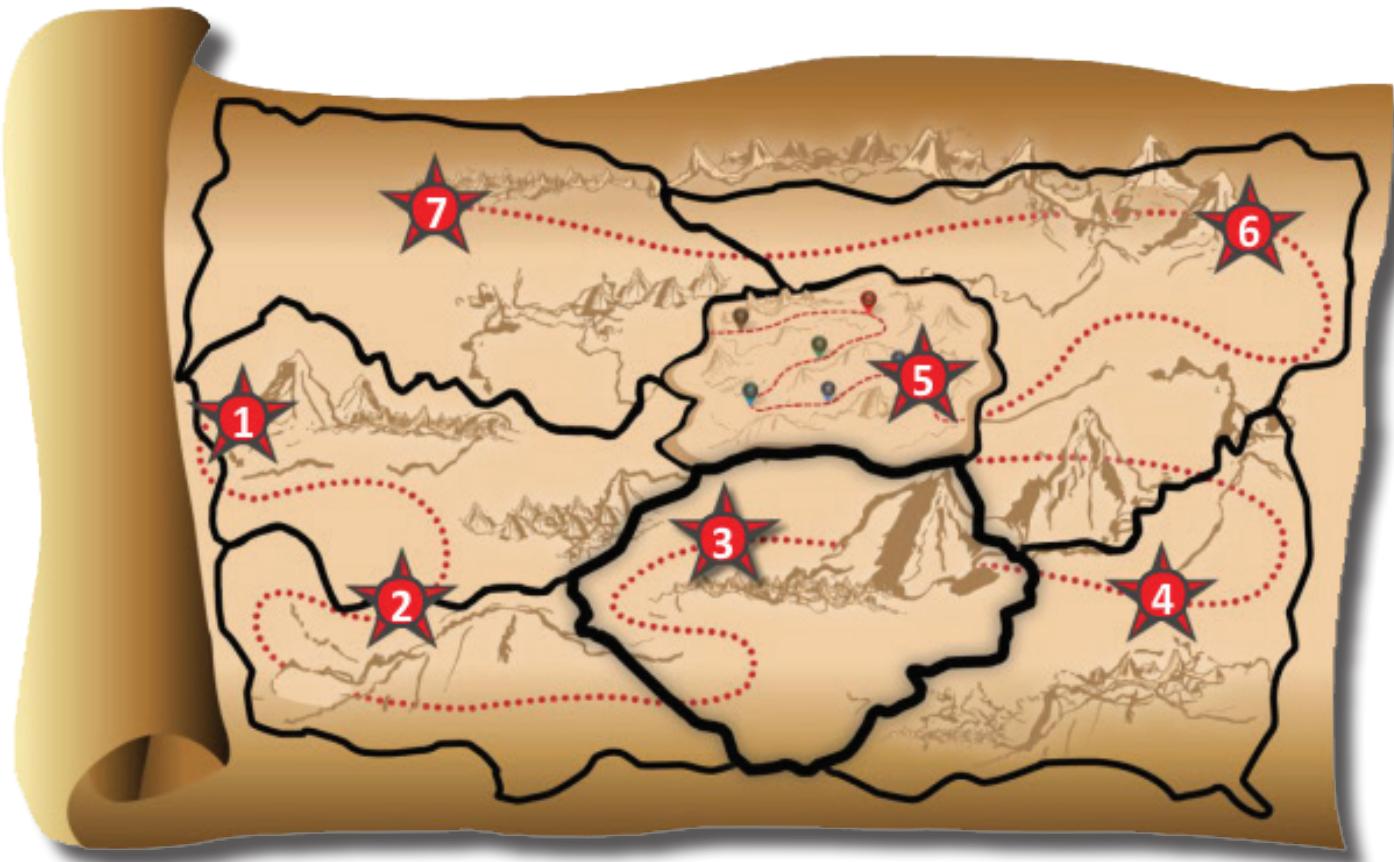
What Is a Company Overview in a Business Plan?, By Katie Rosehill, eHow.
http://www.ehow.com/info_7757286_company-overview-business-plan.html

How to Write the Financial Section of a Business Plan by Elizabeth Wasserman, Inc.com.
<http://www.inc.com/guides/business-plan-financial-section.html>

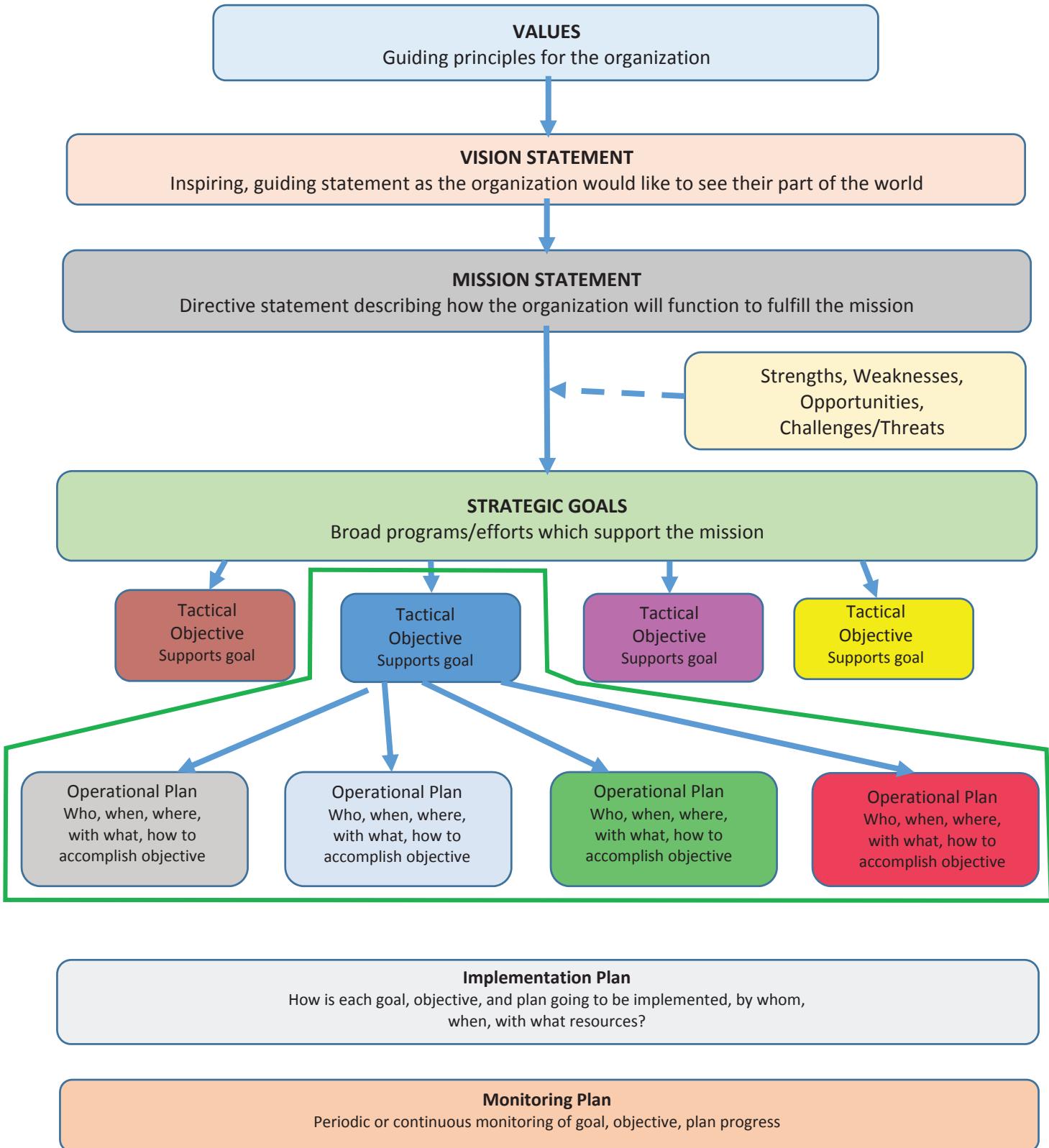


STRATEGIC PLAN

A strategic plan is a long term, goal-directed course of action. Strategic goals proceed from, and are supported by, the mission statement. Where the mission statement is the business destination, strategic goals are landmarks along the way. Knowing the goals and their associated costs provides a roadmap to success for the operation. Using goals, one can measure progress toward a destination. In goal-based management, strategic goals are openly identified, discussed, and prioritized before management decisions are made. Resources available to most operations are limited. Thus, not all goals can be reached at the same time. Prioritizing your goals ensures that the most important are addressed first. If additional resources exist, they can be applied toward reaching less important goals.



STRATEGIC PLAN COMPONENTS



Management Succession Plan:

How Do We Get There From Here? Strategic Plan WORKSHEET

This section should provide a brief summary of the business strategic plan. Although a much more detailed version could be compiled, this section is intended to provide the highlights of current plans.

VISION Statement

MISSION Statement

STRATEGIC GOALS

Completed %

GOAL #1:	
GOAL #2:	
GOAL #3:	
GOAL #4:	
GOAL #5:	
GOAL #6:	
GOAL #7:	
GOAL #8:	

Strategic Plan, page 2.

	Tactical Objective #1	Tactical Objective #2	Tactical Objective #3	Tactical Objective #4	Tactical Objective #5
Strategic Goal #1					
Deadline:					
Who will Track:					
Strategic Goal #2					
Deadline:					
Who will Track:					
Strategic Goal #3					
Deadline:					
Who will Track:					
Strategic Goal #4					
Deadline:					
Who will Track:					

Strategic Plan, page 3.

	Tactical Objective #1	Tactical Objective #2	Tactical Objective #3	Tactical Objective #4	Tactical Objective #5
Strategic Goal #5					
Deadline:					
Who will Track:					
Strategic Goal #6					
Deadline:					
Who will Track:					
Strategic Goal #7					
Deadline:					
Who will Track:					
Strategic Goal #8					
Deadline:					
Who will Track:					



Further Reading:

Strategic Planning and Goal Setting, an Enterprising Rural Families course covering strategic management and goal setting for families in business across two modules and 9 lessons. Other materials include: scenarios of two example families in business to illustrate various aspects of the course content, four worksheets and assessments, seven readings to expand on course material, and twenty-two interactive components and exercises to enhance participant learning. Also included are a glossary, resource links for further research, and many other features.
<http://eruralfamilies.uwagec.org/Courses/StrategicPlanningAndGoalSetting/ERFCourse1Loader.htm>

Human Resource Forms, Enterprising Rural Families Library.

Strengthening Families Action Plan.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/StrengtheningFamiliesActionPlan.pdf>

Tools for Managing Change in Business.

http://eruralfamilies.uwagec.org/ERFLibrary/Tools/Tools_for_Managing_Change_in_Business.pdf

Problem or Opportunity?

http://eruralfamilies.uwagec.org/ERFLibrary/Tools/Problem_or_Opportunity.pdf

Generating Ideas.

http://eruralfamilies.uwagec.org/ERFLibrary/Tools/Generating_Ideas.pdf

Choosing Ideas.

http://eruralfamilies.uwagec.org/ERFLibrary/Tools/Choosing_Ideas.pdf

Solution Implementation.

http://eruralfamilies.uwagec.org/ERFLibrary/Tools/Solution_Implementation.pdf

All About Strategic Planning by Carter McNamara, Free Management Library.

<http://managementhelp.org/strategicplanning/index.htm>

The Power of Setting Goals, Enterprising Rural Families Library.

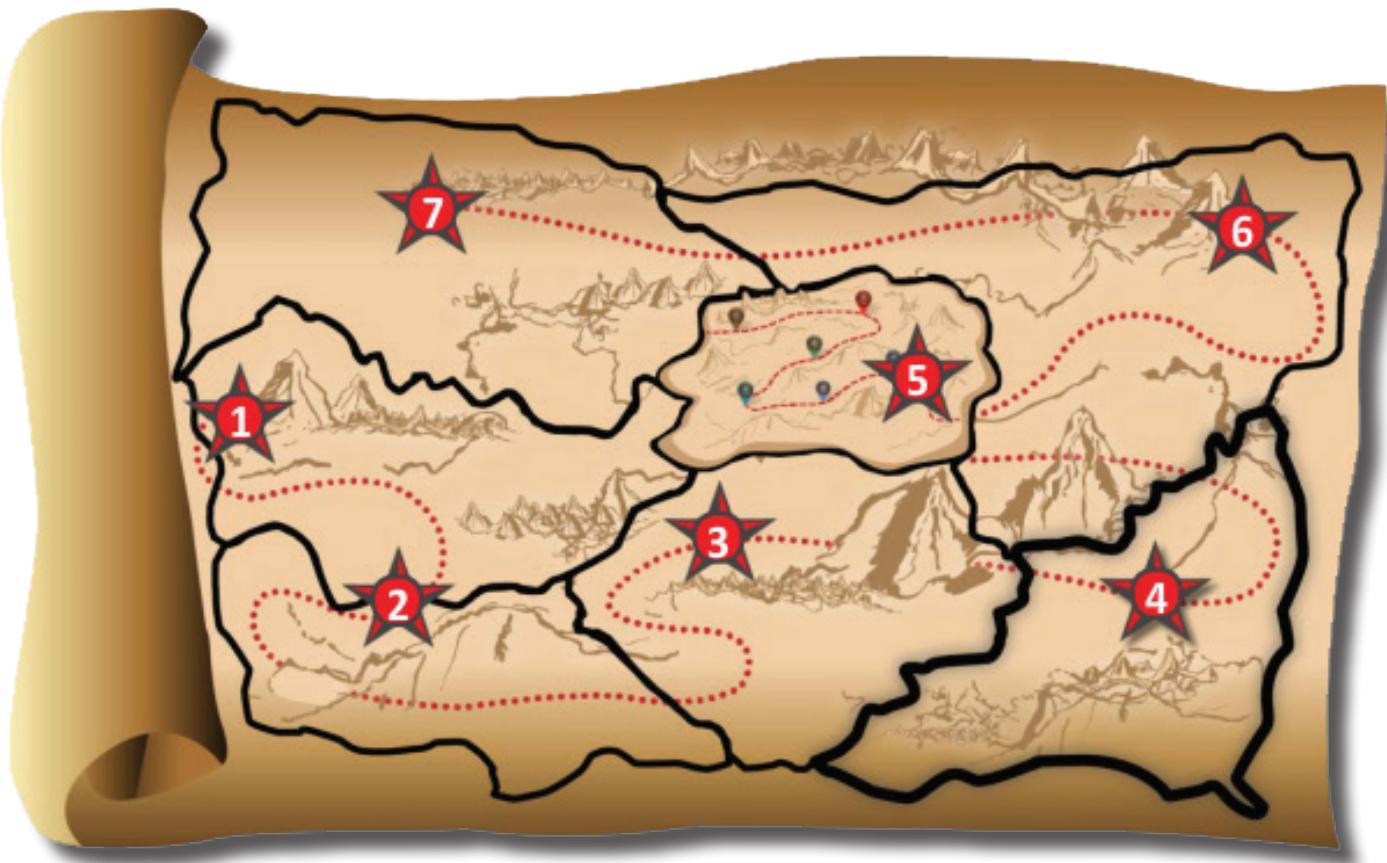
<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/GoalsAndChart.pdf>

Business Planning ~ pp 111-121, Managing the Multi-Generational Family Farm, Enterprising Rural Families Library.

http://eruralfamilies.uwagec.org/ERFLibrary/Readings/Business_Planning_pp111-121.pdf

RETIREMENT PLAN

When considering retirement, it is important to estimate your financial requirements. Retirement can be expensive and most experts estimate that retirees will require 70-90 percent of their preretirement income after they stop working. In short, paying for the retirement you truly desire is ultimately your responsibility. This is another reason why it is beneficial to plan for retirement while you are still young.



How Do We Get There From Here? Retirement Plan WORKSHEET

At what age do you plan to retire? Your spouse?

At what time will your successors be willing and prepared to take over the business?

Have you selected a place where you would like to live in retirement? Are your successors aware of your preferences? What are the implications of this choice for your financial needs?

Do you or your spouse have any special health needs or considerations to take into account when planning for your retirement? Choice of location to live?

Will you have on-going responsibilities to the business in retirement? How often? How long will this continue?

How important is it for you to maintain your current lifestyle in retirement? For your spouse?

Do you have any dreams for your retirement? Travel? Activities? Does your spouse?

Do you foresee any major expenses in your retirement? If so, how will those be met?

What are your biggest worries about retirement? Your spouse's biggest fears?

Retirement Finances

Retirement Finances		Before Retirement	After Retirement
INCOME			
Earned Income:			
wages			
farm income			
consulting			
hobby income			
Pension Income:			
Annuity Income:			
Social Security:			
Investment Income:			
interest			
savings			
certificates			
dividends			
other			
Income from Sale of Assets:			
Income from Other sources:			
Total Income: <i>(monthly or annual)</i>			

Further Reading:

Financial Literacy, Enterprising Rural Family Library see any of the following at:
<http://eruralfamilies.uwagec.org/ERFLibrary/FinancialLiteracy.htm>

Where Does All My Money Go?
Financial Fitness Quiz.
Emotional Uses of Money.
Seven Principles to Move You Toward Wealth.
The Case of the Missing Money.
Needs Versus Wants.
Household Spending Record.
SMART Goals.
Evaluate Your Financial Goals.
Income & Expenses Worksheet.
Dollar Decision\$ Suggestions.
Dollar Decision\$: What Would Work for You?
Debt Decision Matrix.
Plan for Handling Debt Obligations.
Spending Decision Card.
Tips for Smarter Borrowing.
Money Talk: A Financial Guide for Women.
Understanding Your Credit Report.
A Downward Spiral of Payday Lending.
Additional Debt Limit Worksheet.

Retirement Planner: Plan For Your Retirement, Social Security Administration.
<http://www.ssa.gov/retire2/>

AARP Retirement Calculator: Are You Saving Enough?
http://www.aarp.org/work/retirement-planning/retirement_calculator.html

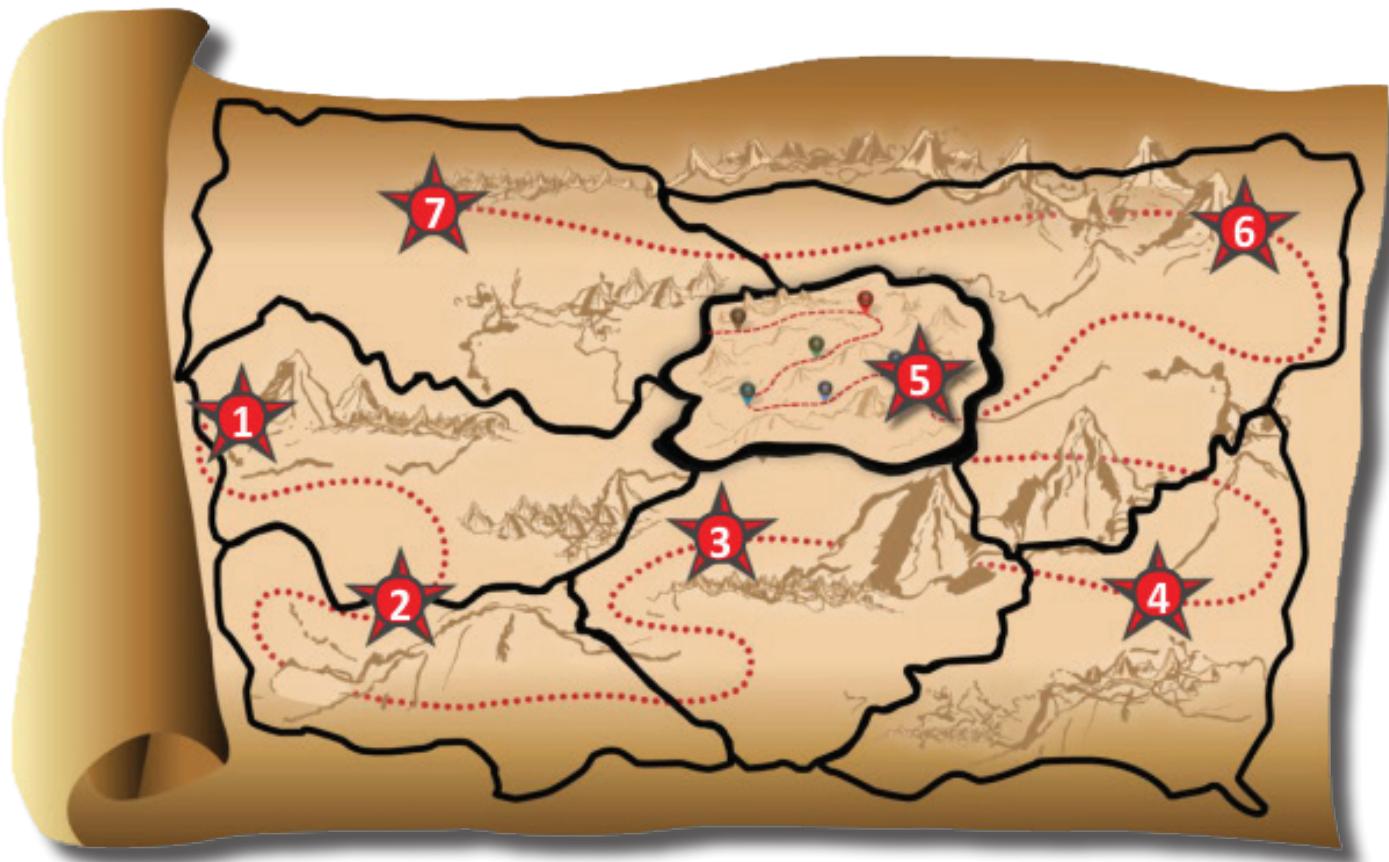
Taking the Mystery Out of Retirement Planning, United States Department of Labor.
<http://www.dol.gov/ebsa/publications/nearretirement.html>

SUCCESSION PLANNING PROCESS

The succession planning process was introduced in the “Management Succession: Where Are We?” course. This process covers the stages illustrated below, including: timeline, planning team, selecting the successor, written plan, communication of the plan, planning for retirement, and enjoying the years ahead components. This course also offered an important foundation for developing your succession plan: the assessment of interpersonal, business and succession planning issue areas.

The “Management Succession: Where Do We Want to Go?” course focused on the succession planning process and how you can begin planning where you want to go for your own situation. This builds on the assessment scores from the first course to focus planning team attention on the concepts of SWOB, BSMPs, external resources, and goals for change.

The “Management Succession: How Do We Get There from Here?” course goes beyond the goals for change from course two and focuses on the remaining portions of the process, introducing the action planning worksheet and associated components: outside resources, specific action steps, accomplishment date, persons accountable, and tracking/monitoring systems.



STOP 1. Establish a Timeline

The key to this step is to start early. This is a process, not an event. None of us knows what the future might bring, so it makes sense to have your plan ready in case something unexpected happens, such as injury, disability, death, or divorce. Rather than waiting until the issue is forced upon you, start the process in calm circumstances when there is time to discuss issues and come to agreement. This can prevent serious damage to family relationships and the business. It will also allow potential successors to better prepare for the transition.

STOP 1



How Do We Get There From Here? Timeline and Expectations WORKSHEET

Have each management succession team member write answers to questions privately. Then get the team together to discuss your answers and develop a group consensus of expectations.

Personal Expectations

What are your personal goals?

What are your short-term and long-term career plans?

Expectations for the Farm/Ranch

What does the family farm mean to you? On an emotional level? On a financial level?

What are your expectations about the transfer of ownership of the farm/ranch?

What are your expectations about the transfer of management of the farm/ranch?

What hopes and dreams do you have for the future of the farm/ranch?

What are the mission, vision, and goals of the farm/ranch? Of the family?

Timeline and Expectations, page 2.

When do you expect transfer of management of the farm/ranch responsibilities to begin? _____

How long do you expect transfer of management of the farm/ranch responsibilities to take? When will it be complete? _____

Conflicts

Are there any conflicts between your personal expectations and what you perceive are the expectations of the farm/ranch? If yes, what are they? _____

Are there conflicts that you perceive may be an issue between the founders and the incoming generation over transfer of management responsibilities for the farm/ranch? What are they? _____

Group Discussion

After discussing the above questions and answers as a succession team, are there expectations or issues which remain unresolved? What will be done to resolve the issues? _____



Management Succession Written Plan:

How Do We Get There From Here? Decision Making ALTERNATIVES

Method	Pros	Cons
Present manager makes the decision alone	<ul style="list-style-type: none"> -Fewer opinions and personalities to satisfy -Quicker and easier -Usually less information to process 	<ul style="list-style-type: none"> -Not as much information is gathered -Less attention is paid to the perspectives, needs, goals of all team members -Other family members may not accept the decision, causing division -The decision may not "stick" due to the reaction of others -Decision maker may be seen as heavy-handed and dictatorial
Majority Vote	<ul style="list-style-type: none"> -More information usually comes to light -Each voting member has a part in the decision-making process -Involves more opinions and viewpoints 	<ul style="list-style-type: none"> -Takes more time and involves more people -Deciding who votes -Involves more opinions and viewpoints -Multiple votes may need to be taken if there is no clear majority -Those casting losing votes may feel discontent or not be heard -Those not included in the vote may feel disenfranchised
Consensus	<ul style="list-style-type: none"> -Enlists information and deliberation from all team members -Gives each an opportunity to express pro and cons -Learning and discovery are enhanced -Gives participants a sense of "buy-in" in the results -Tends to result in decisions which are more fully supported and longer lasting 	<ul style="list-style-type: none"> -Takes significant time and energy to accomplish, especially when disagreement is present -If unsuccessful, another decision making process may be required -May take skilled facilitator or mediator

Establish the Planning Team, page 2.

Method	Pros	Cons
Arbitrator (outside decision-maker)	<ul style="list-style-type: none"> -If properly chosen, will be unbiased and have no “stake in the game” -Will elicit all pertinent information -Gives entire family and management team someone else to “blame” for any problems or disagreements encountered 	<ul style="list-style-type: none"> -Removes decision from hands of founder, family, present owners and managers -Does not encourage succession and management team to communicate with each other (learning and discovery is limited)
Divide property & assets (allow each recipient to manage what they receive)	<ul style="list-style-type: none"> -Gives each candidate equal chance to succeed -Recognizes each recipient as important 	<ul style="list-style-type: none"> -Does not keep the farm or ranch together -Dividing assets and income may bring about insolvency of each portion -May set certain recipients up for failure due to their lack of experience -May pit one recipient against another or the sense they did not receive “equal” shares -May create discontent from those not receiving a portion
Do Nothing	<ul style="list-style-type: none"> -Removes the need to deal with succession now -Retains control in hands of present manager 	<ul style="list-style-type: none"> -Only puts off the inevitable -If maintained until death, puts crucial family and business decisions in the hands of attorneys and courts -Probate and estate issues often induce family disagreements and mark the death of the farm or ranch as it was intended -Leaves family members feeling disregarded, untrusted, and unimportant -May cause increased frustration and isolation of family members, sometimes to the point of leaving the operation



Further Reading:

Succession Must Start Early by Lorne Owen, Enterprising Rural Families Library.
http://www.agf.gov.bc.ca/busmgmt/human_resource/hr_article_pdf/early.pdf

The Exit Strategy by Gerald W. Brown, Sr., Enterprising Rural Families Library.
<http://eruralfamilies.uwagec.org/ERFLibrary/Readings/TheExitStrategy.pdf>

STOP 2. Establish a Planning Team

Decide who should be involved in the development and implementation of the transition plan. The planning team should consist of family members, business associates, and/or outside advisors. Ideally the elder generation should provide leadership while coaching and mentoring the younger generation. This will allow a shift of power in a controlled, smooth, and gradual manner.



How Do We Get There From Here? Establish the Planning Team WORKSHEET

Who currently manages day to day activities of each enterprise or operation?

Operation: _____

Manages: _____

Assists or provides labor: _____

Operation: _____

Manages: _____

Assists or provides labor: _____

Operation: _____

Manages: _____

Assists or provides labor: _____

Operation: _____

Manages: _____

Assists or provides labor: _____

Establish the Planning Team, page 2.

WHO:

Provides overall management and coordination of the farm/ranch? _____

Assists: _____

Oversees finances and record keeping? _____

Assists: _____

Is in charge of sales and marketing? _____

Assists: _____

Supervises purchasing and supplies? _____

Assists: _____

Other important business responsibilities? _____

Assists: _____

WHO OF THE ABOVE ARE:

Family Members:

Non-Family Members:

Which family members will have a vested interest in the outcome of this decision and the future of the business?

Establish the Planning Team, page 3.

Which family members may have a casual interest in the operation, and should also be considered in the decision-making process?

How far does family membership reach? Children, grandchildren, sons- and daughters-in-law, siblings, aunts, uncles, cousins, nieces, nephews, etc.? List those included:

Who of the above have personal or business issues or dysfunctions which would disqualify them from being part of the process?

TEAM:

List who will be on your management succession planning team:



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Further Reading:

Outside Advice Heads off Bad Business Decisions, Country Guide, Enterprising Rural Families Library.

http://www.agf.gov.bc.ca/busmgmt/human_resource/hr_article_pdf/outside.pdf

Making Use of Outside Expertise ~ pp150-155, Managing the Multi-Generational Family Farm, Enterprising Rural Families Library.

http://eruralfamilies.uwagec.org/ERFLibrary/Readings/Making_Use_of_Outside_pp150-155.pdf



STOP 3. Select the Appropriate Successor(s)

Identify and select an appropriate successor. It is important to make sure the process for selecting a successor is clear and understandable to anyone interested in being a candidate. Make sure the person selected is interested in the position, committed to the mission of the business, and has the right skills and experience to be successful.



How Do We Get There From Here? Successor Readiness WORKSHEET

What experience does the successor have outside the family business? _____

What development plan is needed for the successor? _____

Who besides a founder is teaching and mentoring the successor? _____

In what ways does present management allow the successor to make an independent and visible contribution to the business? _____

What skills and values inside and outside the business are the successor learning? _____

How well does the successor understand the business history, philosophy and strategy? _____

How does the successor use opportunities outside the business to exercise leadership and gain respect? _____

What is the successor's personal vision for the business and how does it provide a sense of purpose that may be helpful when times get tough? _____

In what ways does the successor share interests and concerns with others? _____



Management Succession Written Plan:

How Do We Get There From Here? Successor Ranking WORKSHEET

Use additional sheets if you need more space for candidates or skills and characteristics.

Skill/Character	Skill/Character Weight (must total 100)	Potential Successors	Total Points	Ranking 1/2/3...

Further Reading:

Human Resource Forms, Enterprising Rural Families Library.

Build A Successful Team.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/BuildASuccessfulTeam.pdf>

How Do We Handle Decision Making?

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/AssessDecisionMaking.pdf>

Human Resource Assessment.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/HumanResourceAssessment.pdf>

Role Assessment.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/RoleAssessment.pdf>

The Expanding Business Family.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/ExpandingBusinessFamily.pdf>

What Are Your Values?

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/AssessValues.pdf>

What Are Your Family Rules?

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/AssessFamilyRules.pdf>

What's Most Important? Family First Vs. Business First.

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/AssessWhat%27sImportant.pdf>

What Is The Emotional Climate?

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/AssessEmotional.pdf>

Where Do Your Cycles Overlap?

<http://eruralfamilies.uwagec.org/ERFLibrary/Tools/AssessCycles.pdf>

Farm Transfer Tip - Treat Kids Fairly Not Equally, Country Guide, Enterprising Rural Families Library.

http://www.agf.gov.bc.ca/busmgmt/human_resource/hr_article_pdf/transfer.pdf

Groom Your Kids to be Better Farmers, Country Guide, Enterprising Rural Families Library.

http://www.agf.gov.bc.ca/busmgmt/human_resource/hr_article_pdf/better_fm.pdf

Grooming Your Successor: Notes on Handing Over the Farm, University of California Agricultural Extension, Enterprising Rural Families Library.

http://www.agf.gov.bc.ca/busmgmt/human_resource/hr_article_pdf/groom.pdf

Staffing a Family Business: Going Outside of the Nest? by James E. Guyette, Landscape Management, Enterprising Rural Families Library.

<http://eruralfamilies.uwagec.org/ERFLibrary/Readings/StaffingAFamilyBusiness.pdf>



STOP 4. Develop a Written Plan

Put the transition plan in writing. A written plan should detail the steps for dealing with business and interpersonal aspects of the transition process. Having a written plan will significantly reduce the potential for doubts and misunderstandings within the family.



Management Succession Assessments

INSTRUCTIONS

The following set of Management Succession Assessment Worksheets is designed to help you assess key components of management succession. The components are communication, formalized management, perspectives, business communication, managing conflict, and the succession planning process.

For each section, read the statements carefully and rate your level of agreement between 1 and 7, with 1 being Strongly Disagree and 7 being Strongly Agree. Once you have rated all the statements in a section, use the scoring guidelines below to evaluate how prepared you are for management succession.

NOTE: an electronic version of these assessments are included as part of the *Management Succession: Where Are We?* course, with automatic scoring. See: <http://RightRisk.org>.

COMMUNICATION

Step #1: Add the scores for questions 1, 2, 3, 4, 6, 10, 11, 12, 15, 16, 18, 20, 24 and 25. Multiply the total by 3.

Step #2: Add the scores for questions 5, 7, 8, 9, 13, 14, 17, 19, 21, 22, 23, 26 and 27. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (294 – 385): Congratulations! Your communication skills score is strong and suggests a high chance of a successful business transition.

Yellow (92 – 293): Caution! Your communication skills score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 91): Alert! Your communication skills score indicates attention is needed to increase the chances of a successful business transition.

FORMALIZED MANAGEMENT

Step #1: Add the scores for questions 3, 5, 6, 8, 14, 15, 18, 19, 21, 24, 25, 26, 28, 29, 32, 35, 38, 41, 42 and 43. Multiply the total by 3.

Step #2: Add the scores for questions 1, 2, 4, 7, 9, 10, 11, 12, 13, 16, 17, 20, 22, 23, 27, 30, 31, 33, 34, 36, 37, 39 and 40. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (420 – 567): Congratulations! Your formalized management score is strong and suggests a high chance of a successful business transition.

Yellow (162 – 419): Caution! Your formalized management score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 161): Alert! Your formalized management score indicates attention is needed to increase the chances of a successful business transition.

PERSPECTIVES ASSESSMENT

Step #1: Add the scores for questions 1, 2, 4, 7, 8, 10, 12, 17, 18, 19, 20, 25, 26, 27, 28, 32, 33, 34, 35, 36, 37, 39, 42 and 43. Multiply the total by 3.

Step #2: Add the scores for questions 3, 5, 6, 9, 11, 13, 14, 15, 16, 21, 22, 23, 24, 29, 30, 31, 38,

40 and 41. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (504 – 637): Congratulations! Your perspectives score is strong and suggests a high chance of a successful business transition.

Yellow (134 – 503): Caution! Your perspectives score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 133): Alert! Your perspectives score indicates attention is needed to increase the chances of a successful business transition.

BUSINESS COMMUNICATION

Step #1: Add the scores for questions 2, 4 and 5. Multiply the total by 3.

Step #2: Add the scores for questions 1, 3, 6, 7, 8 and 9. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (63 – 105): Congratulations! Your business communication score is strong and suggests a high chance of a successful business transition.

Yellow (43 – 62): Caution! Your business communications score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 42): Alert! Your business communications score indicates attention is needed to increase the chances of a successful business transition.

MANAGING CONFLICT

Step #1: Add the scores for questions 1, 2, 4, 6, 11, 12, 13, 15 and 16. Multiply the total by 3.

Step #2: Add the scores for questions 3, 5, 7, 8, 9, 10, 14, 17, 18 and 19. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (189 – 259): Congratulations! Your managing conflict score is strong and suggests a high chance of a successful business transition.

Yellow (71 – 188): Caution! Your managing conflict score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 70): Alert! Your managing conflict score indicates attention is needed to increase the chances of a successful business transition.

SUCCESSION PLANNING PROCESS

Step #1: Add the scores for questions 1, 2, 3, 4, 5, 8, 10, 14, 18, 19, 22, 24, 25 and 28. Multiply the total by 3.

Step #2: Add the scores for questions 6, 7, 9, 11, 12, 13, 15, 16, 17, 20, 21, 23, 26, 27, 29 and 30. Add this total to the total calculated for the questions in step 1 above. This is your total score.

Green (294 – 406): Congratulations! Your succession planning score is strong and suggests a high chance of a successful business transition.

Yellow (113 – 293): Caution! Your succession planning score indicates improvement is needed to increase the chances of a successful business transition.

Red (0 – 112): Alert! Your succession planning score indicates attention is needed to increase the chances of a successful business transition.

Management Succession Assessment - COMMUNICATION

COMMUNICATION

Agree - Disagree

7

1

1	Our family effectively uses questioning to improve communication and information exchange.	
2	Our family continuously evaluates how well we are communicating.	
3	Our family occasionally evaluates how well we are communicating.	
4	Our family is somewhat aware of the importance of non-verbal communication.	
5	Our family provides feedback inconsistently. Sometimes it is constructive and sometimes it is destructive.	
6	Our family understands the importance of effective communication skills.	
7	Our family does not always use non-verbal communication productively.	
8	Our family does not understand the importance of effective communication skills.	
9	Our family does not listen to each other.	
10	Our family effectively uses feedback to maintain open understanding and communication between family members.	
11	Our family continuously practices new techniques to improve our communication results.	
12	Our family strives to improve our communication skills through effective listening.	
13	Our family does not use non-verbal communication productively.	
14	Our family does not use questioning to better understand each other's perspectives and ideas.	
15	Our family tries to encourage good listening, but there are some individuals that tend to dominate conversations.	
16	Our family occasionally practices new techniques to improve our communication results.	
17	Our family has tried to use questioning skills to improve our communication, with limited success.	
18	Our family uses non-verbal communication effectively to improve our communication.	
19	Our family does not support or encourage family members to improve and practice effective communication skills.	
20	Our family occasionally supports and encourages family members to improve and practice effective communication skills.	
21	Our family does not provide feedback or provides it only in destructive ways.	

Management Succession Assessment - COMMUNICATION

COMMUNICATION continued

Agree - Disagree
7 1

22	Our family has never evaluated how well we are communicating.	
23	Our family has never practiced new techniques to improve our communication results.	
24	Our family is committed to investing time and money to help family members improve their communication skills.	
25	Our family knows the importance of non-verbal communication.	
26	Our family does not know the importance of non-verbal communication.	
27	Our family does not spent much time discussing effective communications skills and their importance to our success.	

Management Succession Assessment - FORMALIZED MANAGEMENT

FORMALIZED MANAGEMENT

Agree - Disagree
7 1

1	Our family business does not have legal documents in place to allow alternates to act on behalf of the company.	
2	Our family business has no written goals.	
3	Our family business uses a vision statement to guide strategic planning.	
4	All financial statements are never used to communicate with family members, partners and others within the business.	
5	Our business completes a full set of financial statements at least quarterly.	
6	Our family business has a few written goals.	
7	Our business updates some financial statements once a year or less often.	
8	Our family business has a written constitution.	
9	Our family business mission statement does not adequately describe the fundamental purpose of our business.	
10	Our family business does not regularly use its constitution in managing the business.	
11	We do not use our vision statement to guide strategic planning.	
12	Our family business has goals that do not meet the specific, measureable, achievable, realistic, and time targeted (SMART) guidelines.	
13	Our family business does not have a formal, written mission statement.	
14	Our family business has a written vision statement.	
15	Our family business mission statement describes the fundamental purpose of our business.	
16	All financial statements are never used to communicate with creditors and others outside the business.	
17	Our family business is inconsistent about providing new employees with a copy of the employee handbook.	
18	All financial statements are occasionally used to communicate with creditors and others outside the business.	
19	Our family business has goals that are specific, measureable, achievable, realistic, and time targeted (SMART).	
20	Our family business does not update any financial statements.	
21	Our family business regularly uses its constitution in managing the business.	

Management Succession Assessment - FORMALIZED MANAGEMENT

FORMALIZED MANAGEMENT continued

Agree - Disagree
7 1

22	Only certain family members use information on the financial statements to make management decisions.	
23	Our family business has some informal policies pertaining to employees but they have not been formally documented.	
24	Our family business provides new employees with a copy of the employee handbook.	
25	Our family business has written goals.	
26	Our family business has an employee handbook.	
27	Our business does not use financial statements to make management decisions.	
28	All financial statements are occasionally used to communicate with family members, partners and others within the business.	
29	All financial statements are regularly used to communicate with family members, partners and others within the business.	
30	Our family business goals are not widely communicated.	
31	Our business completes some financial statements once a year or less often.	
32	The information on our financial statements is occasionally used to make management decisions.	
33	Our family business does not have a written constitution.	
34	Our family business has no vision statement.	
35	Our business updates a full set of financial statements at least quarterly.	
36	Our family business does not complete any financial statements.	
37	Our family business does not have an employee handbook.	
38	Our business uses the information on financial statements to make informed management decisions.	
39	Our written vision statement does not adequately describe what we want our business to look like in the future.	
40	Our family business has individuals appointed to take over key business roles but the backup people do not have legal authority to act.	
41	Our family business has legal documents in place to allow alternates to take management, financial, and legal action of behalf of the company.	
42	Our family business has a formal, written mission statement.	
43	All financial statements are regularly used to communicate with creditors and others outside the business.	

Management Succession Assessment - PERSPECTIVES ASSESSMENT

PERSPECTIVES ASSESSMENT

Agree - Disagree
7 1

1	Founders have identified values next generation business participants should possess.	
2	Our founder has discussed how control of the business will be transferred to the next generation with the family.	
3	Founders have not discussed their goals for the business with next generation family members.	
4	Next generation family members have discussed their goals for the business with the founder.	
5	Next generation members have discussed their goals for the business with other family members but not the founder.	
6	Individuals in the family business have not identified jobs within the business in which they have an interest.	
7	Next generation members have expressed their expectations about asset and income distribution with the founder.	
8	Next generation family members have agreed upon how the transition of management functions will occur with the founder.	
9	Formal roles and responsibilities have not been established within the business.	
10	Our founder has expressed how he/she envisions transfer of control of the business to the next generation.	
11	Next generation members have not evaluated the business values deemed important by founders.	
12	Formal roles and responsibilities have been established for those most important for the continuation of the business.	
13	Next generation members have expressed expectations about asset and income distribution to other family members but not to the founder.	
14	Founders have not identified values next generation business participants should possess.	
15	Next generation family members have not discussed their goals for the business with anyone.	
16	Formal roles and responsibilities have been discussed, but not established and agreed upon within the family business.	
17	Individuals have completed a skills assessment for jobs within the family business.	
18	Founders have determined which family members hold values they believe the next generation should possess.	
19	Founders and next generation members have discussed expectations about rank and position within the family business.	
20	Founders have identified next generation family members with the interest and qualifications to take over key roles in the business.	
21	Our founder has not addressed how control of the business will transfer to the next generation.	

Management Succession Assessment - PERSPECTIVES ASSESSMENT

PERSPECTIVES ASSESSMENT continued

Agree - Disagree
7 1

22	Founders have not developed their goals for the business.	
23	Next generation members have not discussed their expectations about asset and income distribution with anyone.	
24	Next generation members have not discussed their expectations about rank and position within the family business with anyone.	
25	Founders and next generation members have addressed issues causing conflict or discomfort over their current level of interaction.	
26	Founders and next generation members have discussed their level of comfort with interactions within the business.	
27	Founders have agreed upon future business goals with next generation family members.	
28	Founders have expressed their goals for the business.	
29	Next generation members have discussed issues and concerns about transfer of management with other family members but not the founder.	
30	Individuals have not discussed the results of any skills assessment for jobs within the family business with the founder.	
31	Next generation family members have not discussed their issues and concerns about the transfer of management functions with anyone.	
32	Next generation family members have discussed the values important to the business with the founders.	
33	Next generation family members have agreed upon goals for the business with the founder.	
34	Successors for formal roles and responsibilities have been identified for those most important for the continuation of the business.	
35	Next generation family members have discussed their issues and concerns about the transfer of management functions with the founder.	
36	Founders and next generation members have agreed upon who will have decision-making authority and how business decisions will be made.	
37	Founders have discussed future business goals with next generation family members.	
38	Next generation family members have some disagreements with the founders about values important to the business.	
39	Our founder has agreed upon how control of the business will be transferred to the next generation with the family.	
40	Next generation members have expressed expectations about rank and position to other family members but not to the founder.	
41	Individuals in the family business have not discussed their level of comfort with interactions within the business.	
42	Next generation members have reached agreement with the founder regarding how assets and income will be distributed.	
43	Next generation family members have agreed on the values important to the business with the founders.	

Management Succession Assessment - BUSINESS COMMUNICATION

BUSINESS COMMUNICATION

Agree - Disagree
7 1

1	Our family has not developed a Code of Conduct for the family business.	
2	We conduct regular meetings with family members involved in the business.	
3	We have conducted meetings to communicate with the extended family about the business, but not on a regular basis.	
4	Our family has established a formal written Code of Conduct for the business.	
5	We conduct regular meetings to communicate with the extended family about the business on a regular basis.	
6	We do not conduct meetings with family members who are involved with the business.	
7	We have conducted some meetings with family members involved in the business, but not on a regular basis.	
8	Our family has established some informal business policies, but they are not documented.	
9	We do not conduct meetings to communicate with the extended family about the business.	

Management Succession Assessment - MANAGING CONFLICT

MANAGING CONFLICT

Agree - Disagree
7 1

1	Our family sees conflict as a sign that change is needed.	
2	Our family tries to find resolutions to conflicts and occasionally have some success.	
3	Our family deals with conflict on a case-by-case basis.	
4	Our family business has planned strategies and a process for managing conflict.	
5	Our family does not attempt to resolve conflicts.	
6	Our family business experiences a moderate number of conflicts.	
7	In our family when there is conflict, avoiding the issue is a common practice.	
8	Our family has had some limited success in resolving interpersonal conflicts.	
9	Our family lets conflict fester to the point of hurting relationships long-term.	
10	Our family attempts to ignore conflicts and hope that they go away.	
11	When conflicts do arise in our family business, they are usually resolved quickly.	
12	Our family business has mutually agreed upon policies for handling conflict.	
13	Our family business has few conflicts.	
14	Conflicts that arise in our family business often take a while to resolve.	
15	Our family is able to effectively resolve most conflicts that arise.	
16	Our family sees conflict as an opportunity to make improvements.	
17	Our family looks at conflict as a negative.	
18	Our family business has no agreed upon strategies or process for resolving conflicts.	
19	Our family business experiences frequent or long-lasting conflicts.	

Management Succession Assessment - SUCCESSION PLANNING PROCESS

SUCCESSION PLANNING PROCESS

Agree - Disagree
7 1

1	Our family business has documented a timeline for management succession.	
2	Our family has discussed establishing a succession planning team.	
3	Management successor(s) have been selected.	
4	The founders have clearly defined what their financial needs will be during their retirement.	
5	Our family has identified a succession planning team consisting of appropriate family members, business associates, and outside advisors.	
6	The founders have no clear plans for retirement.	
7	Our family has not assigned a succession planning team.	
8	The founders have clearly defined what their retirement will look like.	
9	Our family business does not have a formal written succession plan.	
10	Ownership successor(s) have been selected.	
11	Our family succession plan is not documented.	
12	There has been no communication with family members or other stakeholders about a succession plan.	
13	Successors have not been considered in our family business.	
14	Our succession plan has been formally communicated to all family members and other stakeholders in the business.	
15	The founders have some plans for retirement but they are incomplete.	
16	The founders scaled back involvement in the business but not to the degree planned as they approached or entered retirement.	
17	Potential ownership successors have been identified, but no selections have been made.	
18	Our formal written succession plan includes all of the elements of a complete plan.	
19	The founders have clearly defined how they will use their time during retirement.	
20	Our family has had casual discussions about succession planning.	
21	Our family succession plan is not complete.	

Management Succession Assessment - SUCCESSION PLANNING PROCESS

SUCCESSION PLANNING PROCESS continued

Agree - Disagree
7 1

22	Our family has a formal written succession plan.	
23	The founders have not scaled back involvement in the business as they approached or entered retirement.	
24	Our family has assigned a succession planning team consisting of appropriate family members, business associates, and outside advisors.	
25	The founders scaled back involvement in the business as planned when they approached or entered retirement.	
26	Our family has not identified a succession planning team.	
27	Our succession plan has been formally communicated to only some family members and other stakeholders in the business.	
28	Our family business has documented a timeline for ownership succession.	
29	Our family has not established a timeline for succession.	
30	Potential management successors have been identified, but no selections have been made.	



Best Suggested Management Practices (BSMPs)

Best Suggested Management Practices (BSMPs) have been developed for each issue area covered by the preceding Management Succession Assessment Worksheets. Issue areas include: Communication, Formalized Management, Perspectives, Business Communication, Managing Conflict, and the Succession Planning Process.

These BSMP lists provide suggested steps forward for various levels of assessment scores. Some BSMPs are concrete, specific action steps that contribute to overall improvement in the chances of successful management transition.

Other BSMPs are specific action steps that are part of a process that leads to an improved way of interaction. Increasing levels of improvement are described by performing each succeeding step of the process on a regular basis.

Best Succession Management Practices (BSMPs) - COMMUNICATION



Best Succession Management Practices (BSMPs)

Area of Concern: Communication	Best Succession Management Practices
Our family does not use questioning to better understand each other's perspectives and ideas.	<p>Asking questions is at the heart of effective communication and information exchange.</p> <p>By using the right questions for a particular situation, you can achieve many desired results. For example, you can gather more information, learn things you didn't know, build stronger relationships, and help others to discover their own answers.</p>
Our family has tried to use questioning skills to improve our communication, with limited success.	<p>There are two main kinds of questions, closed and open:</p> <ol style="list-style-type: none">1. A <u>closed</u> question usually requires a single word or very short, factual answer.2. <u>Open</u> questions elicit longer answers. They usually begin with what, why, or how. <p>Each of these kinds of questions should be used in specific situations and for specific purposes.</p>
Our family effectively uses questioning to improve communication and information exchange.	<p>Don't be embarrassed to keep questioning until you fully understand the communication.</p> <p>Encourage others to ask questions if they do not understand or if something is unclear.</p>

Best Succession Management Practices (BSMPs) - COMMUNICATION



AREA OF CONCERN: COMMUNICATION	BEST SUCCESSION MANAGEMENT PRACTICES
Our family does not listen to each other.	<p>Listening is one of the most important communication skills you can have.</p> <p>How well you listen has a major impact on the quality of your relationships with others.</p> <p>It is easy to unintentionally dominate a conversation. When you are doing all the talking, you do not hear others' ideas and points of view.</p>
Our family strives to improve our communication skills through effective listening.	<p>Others in the conversation may feel dismissed and misunderstood.</p> <p>Be considerate and do not control and dominate the conversation with your own needs and self-interest.</p> <p>Don't interrupt even if the speaker pauses to gather his/her thoughts.</p>
Our family tries to encourage good listening, but there are some individuals that tend to dominate conversations.	<p>Give the conversation your full attention and do not allow yourself to be distracted by other things going on around you.</p> <p>Repeat what you think the speaker said to ensure you heard correctly and to allow the speaker a chance to clarify.</p>

Best Succession Management Practices (BSMPs) - COMMUNICATION



BEST SUCCESSION MANAGEMENT PRACTICES (BSMPS) Communication

AREA OF CONCERN: COMMUNICATION	BEST SUCCESSION MANAGEMENT PRACTICES
Our family does not use non-verbal communication productively.	Feedback makes communication meaningful. It is the end-result of a message and makes communication mutual. Be aware that you give feedback both verbally and non-verbally.
Our family does not know the importance of non-verbal communication.	Your facial expressions and body language make a strong statement about what you are thinking. The ability to understand and use body language is a powerful tool that can help you connect with others, express what you really mean, and build better relationships.
Our family is somewhat aware of the importance of non-verbal communication.	Help others feel free to express themselves. Nod or use other gestures or words to encourage them to continue.
Our family knows the importance of non-verbal communication.	Maintain eye contact. Show you are listening and understanding what is being said. It is easier for people to accept feedback that is framed in a positive way. That does not mean you always have to agree with everyone or hold the same point of view; however, you should begin your feedback with positive comments, observations, or common ground before pointing out differences.
Our family does not always use non-verbal communication productively.	Be aware of body language and the importance of non-verbal communication.
Our family uses non-verbal communication effectively to improve our communication.	Encourage others, when appropriate, to be aware that body language can influence the message they are trying to get across.

Best Succession Management Practices (BSMPs) - COMMUNICATION



AREA OF CONCERN: COMMUNICATION	BEST SUCCESSION MANAGEMENT PRACTICES
Our family does not provide feedback or provides it only in destructive ways.	Feedback makes communication meaningful. It is the end-result of a message and makes communication mutual. The way in which you provide feedback can either enhance understanding and reinforce relationships, or destroy trust and create barriers.
Our family provides feedback inconsistently. Sometimes it is constructive and sometimes it is destructive.	Provide feedback to the speaker to demonstrate you are listening and paying attention.
Our family effectively uses feedback to maintain open understanding and communication between family members.	Gather feedback to make sure people have understood what you have said. Encourage others to ask for feedback when it is unclear if they have been understood or not.

Best Succession Management Practices (BSMPs) - COMMUNICATION



AREA OF CONCERN: COMMUNICATION	BEST SUCCESSION MANAGEMENT PRACTICES
Our family has never evaluated how well we are communicating.	<p>Asking the right questions is at the heart of effective communications and information exchange.</p> <p>Evaluating how well you are communicating can help make adjustments where and when they are needed in the process.</p>
Our family occasionally evaluates how well we are communicating.	<p>Try to anticipate and predict ahead of time possible causes of confusion.</p> <p>Provide enough information and detail to make sure everyone understands.</p>
Our family continuously evaluates how well we are communicating.	<p>Remember, people view information differently and you should try to understand these different perspectives during your conversation.</p> <p>Speak clearly and use words others can understand.</p> <p>Continually evaluate how effectively the family is communicating.</p>

Best Succession Management Practices (BSMPs) - COMMUNICATION



AREA OF CONCERN: COMMUNICATION	BEST SUCCESSION MANAGEMENT PRACTICES
Our family has never practiced new techniques to improve our communication results.	Asking the right questions is at the heart of effective communications and information exchange.
Our family does not support or encourage family members to improve and practice effective communication skills.	Evaluating how well you are communicating can help make adjustments where and when they are needed in the process.
Our family does not spend much time discussing effective communications skills and their importance to our success.	Emphasize the importance of practicing and improving effective communication skills.
Our family occasionally supports and encourages family members to improve and practice effective communication skills.	Invest in helping yourself and other family members to improve communication skills (facilitation, training, etc.).
Our family occasionally practices new techniques to improve our communication results.	Be sure to allow enough time to finish the conversation. It is better to delay a conversation than to cut a conversation short.
Our family understands the importance of effective communication skills.	Continually evaluate how effectively the family is communicating.
Our family continuously practices new techniques to improve our communication results.	
Our family is committed to investing time and money to help family members improve their communication skills.	

Best Succession Management Practices (BSMPs) - FORMALIZED MANAGEMENT



Best Succession Management Practices (BSMPs)

AREA OF CONCERN: FORMALIZED MANAGEMENT	BEST SUCCESSION MANAGEMENT PRACTICES
Our family business has no vision statement.	A vision statement which is used to guide strategic planning is drafted and available for review.
Our family business has a written vision statement.	A vision statement has been communicated to the family, employees, advisors, and others.
We do not use our vision statement to guide strategic planning.	A formal mission statement which describes the fundamental purpose of the business has been drafted and is available for review.
Our written vision statement does not adequately describe what we want our business to look like in the future.	A formal mission statement has been communicated to the family, employees, advisors, and others.
Our family business uses a vision statement to guide strategic planning.	
Our family business does not have a formal, written mission statement.	
Our family business has a formal, written mission statement.	
Our family business mission statement does not adequately describe the fundamental purpose of our business.	
Our family business mission statement describes the fundamental purpose of our business.	

Best Succession Management Practices (BSMPs) - FORMALIZED MANAGEMENT



AREA OF CONCERN: FORMALIZED MANAGEMENT	BEST SUCCESSION MANAGEMENT PRACTICES
Our family business has no written goals.	The family business has written and agreed-upon goals which are specific, measurable, achievable, realistic, and time targeted.
Our family business has a few written goals.	The formal business goals have been communicated to the family, employees, advisors, and others.
Our family business has goals that do not meet the specific, measureable, achievable, realistic, and time targeted (SMART) guidelines.	The formal business goals are reviewed and updated regularly, at least annually.
Our family business has goals that are specific, measureable, achievable, realistic, and time targeted (SMART).	
Our family business has written goals.	
Our family business goals are not widely communicated.	

Best Succession Management Practices (BSMPs) - FORMALIZED MANAGEMENT



AREA OF CONCERN: FORMALIZED MANAGEMENT	BEST SUCCESSION MANAGEMENT PRACTICES
Our family business does not have a written constitution.	A constitution which describes the family's shared values and its policies in relation to the business has been drafted and is available for review.
Our family business has a written constitution.	The constitution is consulted regularly and is used in business decision-making.
Our family business does not regularly use its constitution in managing the business.	
Our family business regularly uses its constitution in managing the business.	

Best Succession Management Practices (BSMPs) - FORMALIZED MANAGEMENT



BEST SUCCESSION MANAGEMENT PRACTICES (BSMPS)

Formalized Management

AREA OF CONCERN: FORMALIZED MANAGEMENT	BEST SUCCESSION MANAGEMENT PRACTICES
Our family business does not complete any financial statements.	Good financial and production records are maintained for the business and are available for review.
Our family business does not update any financial statements.	Information from business records is used to compile a full set of financial statements at least annually (quarterly is preferred).
Our business completes some financial statements once a year or less often.	The business financial statements are shared with family members, partners, creditors, and others.
Our business updates some financial statements once a year or less often.	The business financial statements are consulted regularly and are used to make business decisions.
Our business does not use financial statements to make management decisions.	
The information on our financial statements is occasionally used to make management decisions.	
Only certain family members use information on the financial statements to make management decisions.	
Our business uses the information on financial statements to make informed management decisions.	
Our business completes a full set of financial statements at least quarterly.	
Our business updates a full set of financial statements at least quarterly.	
All financial statements are never used to communicate with family members, partners and others within the business.	
All financial statements are never used to communicate with creditors and others outside the business.	
All financial statements are occasionally used to communicate with creditors and others outside the business.	
All financial statements are occasionally used to communicate with family members, partners and others within the business.	
All financial statements are regularly used to communicate with creditors and others outside the business.	
All financial statements are regularly used to communicate with family members, partners and others within the business.	

Best Succession Management Practices (BSMPs) - FORMALIZED MANAGEMENT



AREA OF CONCERN: FORMALIZED MANAGEMENT	BEST SUCCESSION MANAGEMENT PRACTICES
Our family business does not have an employee handbook.	An employee handbook which contains information about business policies and procedures pertaining to both family and non-family employees has been drafted and is available for review.
Our family business has some informal policies pertaining to employees but they have not been formally documented.	The employee handbook is shared with all employees.
Our family business has an employee handbook.	The employee handbook is regularly consulted and is used to guide all aspects of human resource management for the business.
Our family business is inconsistent about providing new employees with a copy of the employee handbook.	
Our family business provides new employees with a copy of the employee handbook.	

Best Succession Management Practices (BSMPs) - FORMALIZED MANAGEMENT



AREA OF CONCERN: FORMALIZED MANAGEMENT	BEST SUCCESSION MANAGEMENT PRACTICES
Our family business has individuals appointed to take over key business roles but the backup people do not have legal authority to act.	<p>A management alternate has been discussed and has been identified.</p> <p>The management alternate has the appropriate skills and knowledge to assume management responsibilities.</p>
Our family business does not have legal documents in place to allow alternates to act on behalf of the company.	<p>The business regularly consults with advisors that provide input or services to the family business. These may include an attorney, accountant, banker, or other outside expert.</p>
Our family business has legal documents in place to allow alternates to take management, financial, and legal action on behalf of the company.	<p>Legal documents are in place to allow the management alternate to take management, financial, and legal action on behalf of the family business.</p>

Best Succession Management Practices (BSMPs) - PERSPECTIVES



Best Succession Management Practices (BSMPs)

AREA OF CONCERN: PERSPECTIVES	BEST SUCCESSION MANAGEMENT PRACTICES
Founders have not identified values next generation business participants should possess.	Founders and next generation members work together to outline values successors will possess without consideration of current family business members.
Next generation members have not evaluated the business values deemed important by founders.	List of successor values is shared with all family business members.
Founders have identified values next generation business participants should possess.	List of successor values is reviewed periodically, perhaps every 3-5 years.
Next generation family members have some disagreements with the founders about values important to the business.	
Next generation family members have discussed the values important to the business with the founders.	
Next generation family members have agreed on the values important to the business with the founders.	
Founders have determined which family members hold values they believe the next generation should possess.	

Best Succession Management Practices (BSMPs) - PERSPECTIVES



AREA OF CONCERN: PERSPECTIVES	BEST SUCCESSION MANAGEMENT PRACTICES
Our founder has discussed how control of the business will be transferred to the next generation with the family.	Founders and next generation members work together to outline how control of the business will be transferred to successors.
Our founder has not addressed how control of the business will transfer to the next generation.	Detailed description of transfer process for business control is shared with all family business members.
Our founder has expressed how he/she envisions transfer of control of the business to the next generation.	Detailed description of transfer process for business control is reviewed periodically, perhaps every 3-5 years.
Next generation family members have not discussed their issues and concerns about the transfer of management functions with anyone.	
Next generation members have discussed issues and concerns about transfer of management with other family members but not the founder.	
Next generation family members have discussed their issues and concerns about the transfer of management functions with the founder.	
Next generation family members have agreed upon how the transition of management functions will occur with the founder.	
Our founder has agreed upon how control of the business will be transferred to the next generation with the family.	

Best Succession Management Practices (BSMPs) - PERSPECTIVES



AREA OF CONCERN: PERSPECTIVES	BEST SUCCESSION MANAGEMENT PRACTICES
Founders have not developed their goals for the business.	Founders develop a written set of goals for the family business.
Founders have not discussed their goals for the business with next generation family members.	Founder goals for the family business are shared with all family business members.
Founders have expressed their goals for the business.	Founder goals for the family business are reviewed periodically, perhaps every 3-5 years.
Next generation family members have not discussed their goals for the business with anyone.	
Next generation members have discussed their goals for the business with other family members but not the founder.	
Next generation family members have discussed their goals for the business with the founder.	
Founders have discussed future business goals with next generation family members.	
Next generation family members have agreed upon goals for the business with the founder.	
Founders have agreed upon future business goals with next generation family members.	

Best Succession Management Practices (BSMPs) - PERSPECTIVES



AREA OF CONCERN: PERSPECTIVES	BEST SUCCESSION MANAGEMENT PRACTICES
Individuals in the family business have not identified jobs within the business in which they have an interest.	<p>Family business members each develop a list of job responsibilities for the family business in which they have an interest.</p> <p>Family business members share and discuss their lists of job responsibilities for the family business in which they have an interest with all other family business members.</p>
Individuals have completed a skills assessment for jobs within the family business.	<p>Family business members complete a skills assessment for job responsibilities within the family business in which they have an interest.</p> <p>Family business members discuss their skills assessment with the founder as appropriate.</p>
Individuals have not discussed the results of any skills assessment for jobs within the family business with the founder.	<p>Family business members' lists of job responsibilities for the family business in which they have an interest are reviewed periodically as appropriate, perhaps every 1-3 years.</p>

Best Succession Management Practices (BSMPs) - PERSPECTIVES



AREA OF CONCERN: PERSPECTIVES	BEST SUCCESSION MANAGEMENT PRACTICES
Next generation members have not discussed their expectations about asset and income distribution with anyone.	Next generation members each develop a set of expectations about asset and income distribution for the family business.
Next generation members have expressed their expectations about asset and income distribution with the founder.	Next generation members share and discuss their expectations about asset and income distribution for the family business with founders.
Next generation members have reached agreement with the founder regarding how assets and income will be distributed.	Next generation members' expectations about asset and income distribution for the family business are reviewed with founders as appropriate. Founders share their expectations about asset and income distribution for the family business with family members.

Best Succession Management Practices (BSMPs) - PERSPECTIVES



AREA OF CONCERN: PERSPECTIVES	BEST SUCCESSION MANAGEMENT PRACTICES
Formal roles and responsibilities have not been established within the business.	Family business members each develop a list of roles and responsibilities for the family business from their perspectives.
Formal roles and responsibilities have been discussed, but not established and agreed upon within the family business.	Family business members share and discuss their lists of roles and responsibilities for the family business with all other family business members.
Formal roles and responsibilities have been established for those most important for the continuation of the business.	Family business members work together to develop a formal document outlining family business roles and responsibilities.
Founders have identified next generation family members with the interest and qualifications to take over key roles in the business.	Family business roles and responsibilities are reviewed and discussed periodically as appropriate, perhaps every 1-3 years.
Successors for formal roles and responsibilities have been identified for those most important for the continuation of the business.	
Founders and next generation members have agreed upon who will have decision-making authority and how business decisions will be made.	

Best Succession Management Practices (BSMPs) - PERSPECTIVES



AREA OF CONCERN: PERSPECTIVES	BEST SUCCESSION MANAGEMENT PRACTICES
Next generation members have not discussed their expectations about rank and position within the family business with anyone.	<p>Next generation members each develop a set of expectations about rank and position within the family business.</p> <p>Next generation members share and discuss their expectations about rank and position within the family business with founders.</p>
Next generation members have expressed expectations about rank and position to other family members but not to the founder.	<p>Next generation members' expectations about rank and position within the family business are reviewed with founders as appropriate.</p> <p>Founders share their expectations about rank and position within the family business with family members.</p>

Best Succession Management Practices (BSMPs) - PERSPECTIVES



AREA OF CONCERN: PERSPECTIVES	BEST SUCCESSION MANAGEMENT PRACTICES
Individuals in the family business have not discussed their level of comfort with interactions within the business.	Family business members share and discuss their level of comfort with interactions within the family business with founders.
Founders and next generation members have discussed their level of comfort with interactions within the business.	Founders take action on issues addressing conflict or discomfort over interactions as appropriate, referring to the family business conflict resolution policies as needed.
Founders and next generation members have addressed issues causing conflict or discomfort over their current level of interaction.	Founders share their expectations about issues of conflict or discomfort over interactions as appropriate with family business members. The policies for conflict resolution are reviewed periodically by all family business members, at least annually.

Best Succession Management Practices (BSMPs) - BUSINESS COMMUNICATION



Best Succession Management Practices (BSMPs)

AREA OF CONCERN: BUSINESS COMMUNICATION	BEST SUCCESSION MANAGEMENT PRACTICES
Our family has not developed a Code of Conduct for the family business.	<p>One tool that can help improve business communications is written policies. These include documents such as: a constitution or bylaws, powers of attorney, standard operating procedures, and an employee handbook.</p>
Our family has established some informal business policies, but they are not documented.	<p>A Code of Conduct can establish the rules and policies that help guide family members in their personal, business, and family relationships.</p> <p>A Code of Conduct may include details such as:</p> <ul style="list-style-type: none">• Employment criteria• Compensation guidelines• Exit strategies• Conflict resolution process• Distribution of profit policies• Vacation/Leave policies• Loan policies
Our family has established a formal written Code of Conduct for the business.	

Best Succession Management Practices (BSMPs) - BUSINESS COMMUNICATION



AREA OF CONCERN: BUSINESS COMMUNICATION	BEST SUCCESSION MANAGEMENT PRACTICES
We do not conduct meetings with family members who are involved with the business.	Lack of effective communication among family members is the root cause of most family business failures. Family members need to know and understand their family attributes, values, and expectations as they relate to the current and future management and ownership of the business.
We have conducted some meetings with family members involved in the business, but not on a regular basis.	Family business meetings are held monthly or as otherwise appropriate to discuss: <ul style="list-style-type: none">• Roles and responsibilities of family members• Interactions between family and the business• Ownership of the family farm• Business issues that affect the family and family issues that affect the business
We conduct regular meetings with family members involved in the business.	Used as a forum for open and honest discussion by family members involved in the business.

Best Succession Management Practices (BSMPs) - BUSINESS COMMUNICATION



Area of Concern: Business Communication	Best Succession Management Practices
We do not conduct meetings to communicate with the extended family about the business.	Family Council meetings are held annually or as otherwise appropriate to allow all family members an opportunity to learn about the family business Used to inform all family members of family business-related issues.
We have conducted meetings to communicate with the extended family about the business, but not on a regular basis.	Address family issues that impact the business and business issues that impact the family.
We conduct regular meetings to communicate with the extended family about the business on a regular basis.	Include spouses, in-laws, children, grandparents, grandchildren, etc., as appropriate. Used as a forum for open and honest discussion by all family members.

Best Succession Management Practices (BSMPs) - MANAGING CONFLICT



Best Succession Management Practices (BSMPs)

AREA OF CONCERN: MANAGING CONFLICT	BEST SUCCESSION MANAGEMENT PRACTICES
Our family looks at conflict as a negative.	Family business members acknowledge that conflicts are natural in ongoing relationships.
Our family does not attempt to resolve conflicts.	Family business members attempt to use active listening skills to understand the source of conflict when it arises.
Our family lets conflict fester to the point of hurting relationships long-term.	Family business members attempt to resolve conflict by working it out themselves: identifying issues, describing each person's motivation, outlining possible solutions, listing pros and cons of each solution, selecting an option, evaluating how the solution is working as needed.
Our family business experiences frequent or long-lasting conflicts.	Conflicts that cannot be worked out between individuals are recommended for the collaborative conflict resolution process outlined by the family business policies.
Conflicts that arise in our family business often take a while to resolve.	Family business members have discussed and a mutually agreed-upon a set of policies for handling conflicts. These policies outline a process for collaborative conflict resolution that may include facilitated discussion, mediation, or arbitration.
In our family when there is conflict, avoiding the issue is a common practice.	The policies for conflict resolution are reviewed periodically by all family business members, at least annually.
Our family attempts to ignore conflicts and hopes that they go away.	
Our family business has no agreed-upon strategies or process for resolving conflicts.	
Our family tries to find resolutions to conflicts and occasionally has some success.	
Our family has had some limited success in resolving interpersonal conflicts.	
Our family deals with conflict on a case-by-case basis.	
Our family business experiences a moderate number of conflicts.	
Our family sees conflict as a sign that change is needed.	
Our family business has few conflicts.	
When conflicts do arise in our family business, they are usually resolved quickly.	
Our family business has mutually agreed-upon policies for handling conflict.	
Our family business has planned strategies and a process for managing conflict.	

Best Succession Management Practices (BSMPs) - MANAGING CONFLICT



AREA OF CONCERN: MANAGING CONFLICT	BEST SUCCESSION MANAGEMENT PRACTICES
Our family is able to effectively resolve most conflicts that arise.	
Our family sees conflict as an opportunity to make improvements.	



Best Succession Management Practices (BSMPs)

AREA OF CONCERN: SUCCESSION PLANNING PROCESS	BEST SUCCESSION MANAGEMENT PRACTICES
Our family has had casual discussions about succession planning.	Establish a timeline for succession which is specific when the process will start and when it is expected to be completed.
Our family business has documented a timeline for management succession.	Start early in the process. Keep in mind it is a process not an event.
Our family business has documented a timeline for ownership succession.	Develop a timeline to identify: <ul style="list-style-type: none">• What you would like to happen.• When the process will start.• When it should be completed.• The skill and competencies potential successors need to succeed, and how you will develop them.
Our family has not established a timeline for succession.	

Best Succession Management Practices (BSMPs) - SUCCESSION PLANNING



AREA OF CONCERN: SUCCESSION PLANNING PROCESS	BEST SUCCESSION MANAGEMENT PRACTICES
Our family has not identified a succession planning team.	Establish a planning team that will be responsible for developing and implementing the plan. Include family members and others as appropriate.
Our family has not assigned a succession planning team.	The team should include:
Our family has discussed establishing a succession planning team.	<ul style="list-style-type: none">• The business founders• Appropriate family members• Business associates• Outside advisors
Our family has identified a succession planning team consisting of appropriate family members, business associates, and outside advisors.	

Best Succession Management Practices (BSMPs) - SUCCESSION PLANNING



AREA OF CONCERN: SUCCESSION PLANNING PROCESS	BEST SUCCESSION MANAGEMENT PRACTICES
Successors have not been considered in our family business.	Select the appropriate successor(s).
Potential ownership successors have been identified, but no selections have been made.	Clarify the process used for selecting a successor.
Potential management successors have been identified, but no selections have been made.	Communicate that process to family members and others as appropriate.
Ownership successor(s) have been selected.	Make sure the successor has interest, commitment to the mission of the business, and abilities to move the business forward.
Management successor(s) have been selected.	



AREA OF CONCERN: SUCCESSION PLANNING PROCESS	BEST SUCCESSION MANAGEMENT PRACTICES
Our family succession plan is not documented.	Develop a written plan for succession. The written plan should include:
Our family business does not have a formal written succession plan.	<ul style="list-style-type: none">• Details about the founder's reduced participation and the successor's expanding roles/responsibilities• Rules and procedures for decision-making and conflict management• A program for developing leadership and other skills required by successors. This may include formal education, outside work experience and planned career paths within the business.
Our family succession plan is not complete.	
Our family has a formal written succession plan.	
Our formal written succession plan includes all of the elements of a complete plan.	Components of the written plan are covered in detail in the "Management Succession: Where Do We Want to Go?" course.



AREA OF CONCERN: SUCCESSION PLANNING PROCESS	BEST SUCCESSION MANAGEMENT PRACTICES
There has been no communication with family members or other stakeholders about a succession plan.	<p>Communicate the formal succession plan to family and others that have interest in the continuity of the business.</p> <p>Consider the following issues regarding communications:</p>
Our succession plan has been formally communicated to only some family members and other stakeholders in the business.	<ul style="list-style-type: none">• When and how should the process be communicated to:<ul style="list-style-type: none">– The selected successor(s)– Family members– Other stakeholders in the business
Our succession plan has been formally communicated to all family members and other stakeholders in the business.	<ul style="list-style-type: none">• How will disputes or conflicts around the transition process be managed and resolved?• When and how should implementation progress be communicated to stakeholders?



AREA OF CONCERN: SUCCESSION PLANNING PROCESS	BEST SUCCESSION MANAGEMENT PRACTICES
The founders have no clear plans for retirement.	Plan for retirement.
The founders have some plans for retirement but they are incomplete.	Define what retirement would look like in terms of time commitments to the business and other pursuits.
The founders have clearly defined how they will use their time during retirement.	Estimate financial needs for retirement.
The founders have clearly defined what their financial needs will be during their retirement.	Develop a written plan that can be shared with others.
The founders have clearly defined what their retirement will look like.	Share the written retirement plan with the management successor and other family members as appropriate.

Best Succession Management Practices (BSMPs) - SUCCESSION PLANNING



AREA OF CONCERN: SUCCESSION PLANNING PROCESS	BEST SUCCESSION MANAGEMENT PRACTICES
The founders have not scaled back involvement in the business as they approached or entered retirement.	Put the retirement plan into action. Enjoy your retirement! <ul style="list-style-type: none">• Celebrate your accomplishments.• Discover new activities and hobbies.• Indulge in regular strenuous exercise.• Develop new friendships, while maintaining your lifelong friends.• Make a bucket list of things you want to do, and do them.• Use your mind. Replace the mental challenge of running a business with other mental activities and challenges.
The founders scaled back involvement in the business but not to the degree planned as they approached or entered retirement.	
The founders scaled back involvement in the business as planned when they approached or entered retirement.	The secret to success is making sure that your life in retirement is full and satisfying.



Written Plan Worksheets

Written Plan Worksheets have been developed to assist you with developing a written plan for your management succession. Worksheets cover Interpersonal Issues, Business Issues, and Succession Planning Issues. A fourth worksheet—Roadmap For Change—can help to describe detailed steps for how you plan to move from where you are to where you want to go.

ISSUES WORKSHEETS

The Interpersonal Issues worksheet covers planning for Perspectives, Communication and Managing Conflict. The Business Issues worksheet includes sections for Formalized Management and Business Communication. Finally, the Succession Planning worksheet addresses the steps of the succession planning process.

In general, the Issues worksheets include space to record scores from the Management Succession Assessment at the left of the page.

The next section of the worksheet provides a section to record the Strengths/Weaknesses - Opportunities/Barriers (SWOB) for areas of concern.

Best Succession Management Practices (BSMPs) are entered into the middle section of the worksheet to help identify practices the family could consider adopting to address concerns identified in the SWOB analysis.

At the right side of the worksheet, the Goals for Change section provides a space to outline goals that will move the family toward where they want to go with succession planning.

ROADMAP FOR CHANGE WORKSHEET

The Roadmap for Change worksheet describes the resources and activities necessary to complete the succession process. The part each team member will play in the transition process is outlined, additional resources needed are considered, and a detailed timeline with specific action steps are described.

Next, identify which goals for change are most critical for successful transition of management responsibilities. This may include goals that are critical because they must take place before others. Other goals may be critical because they are more important or have greater significance to the situation than other goals.

Prioritized goals for change can help guide carrying out the plan, as well as give management direction in the monitoring and adjustment point of the process.

Written Plan Worksheets - INTERPERSONAL ISSUES

Written Plan Worksheets - BUSINESS ISSUES

Written Plan Worksheets - SUCCESSION PLANNING ISSUES

Management Succession Written Plan:
Where Do We Want To Go? SUCCESSION PLANNING Issues

Assessment Areas		Strengths/Weaknesses Opportunities/Barriers		Best Succession Management Practices to Adopt External Resources to Access												Goal for Change <i>Description of Where We Want to Go</i>	
OVERALL:																	
Timeline:																	
Planning Team:																	
Successor Selection:																	
Written Plan:																	
Plan Communication:																	
Retirement Plan:																	



<http://RightRisk.org>
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Written Plan Worksheets - ROADMAP FOR CHANGE

ROADMAP For CHANGE									
GOAL FOR CHANGE:									
OUTSIDE RESOURCES NEEDED:									
Action Steps:	Date for Completion	Person(s) Accountable	Tracking or Monitoring System						
1									
2									
3									
4									
5									



Further Reading:

Strategic Planning and Goal Setting, an Enterprising Rural Families course covering strategic management and goal setting for families in business across two modules and 9 lessons. Other materials include: scenarios of two example families in business to illustrate various aspects of the course content, four worksheets and assessments, seven readings to expand on course material, and twenty-two interactive components and exercises to enhance participant learning. Also included are a glossary, resource links for further research, and many other features.
<http://eruralfamilies.uwagec.org/Courses/StrategicPlanningAndGoalSetting/ERFCourse1Loader.htm>

Resource Inventory is an Enterprising Rural Families course covering strategic management and goal setting for families in business across two modules and 5 lessons. Other materials include: twenty-two system inventories, eight readings to embellish course material, and thirteen interactive components and exercises to enhance participant learning. Also included are a glossary, resource links for further research, and many other features.

<http://eruralfamilies.uwagec.org/Courses/ResourceInventory/ERFCourse2Loader.htm>

Feasibility of Alternative Rural Enterprises, a RightRisk course covering 1) Agricultural and Rural Enterprises, 2) Selecting and Planning for Alternative Enterprises, and 3) Assessing Risks. Also included are a glossary, resource links for further research, and many other features.

<http://rightrisk.uwagec.org/Courses/EnterpriseFeasibility/FeasabilityOfAltEntCourseLoader.htm>

Taxes for Agricultural Enterprises, a RightRisk course covering 1) Definition of a Farm, 2) The Importance of Records, 3) Farm Income, 4) Farm Expenses, and 5) Tax Management. Also included are a glossary, resource links for further research, and many other features.

<http://rightrisk.uwagec.org/Courses/AgTaxation/TaxesForAgCourseLoader.htm>

Plan For Success, by Lorne Owen, Enterprising Rural Families Library.

http://www.agf.gov.bc.ca/busmgmt/human_resource/hr_article_pdf/success.pdf

Written Policies ~ pp146-149, Managing the Multi-Generational Family Farm, Enterprising Rural Families Library.

http://eruralfamilies.uwagec.org/ERFLibrary/Readings/Written_Policies_pp146-149.pdf

Step 4: Create the Plan ~ pp196-202, Managing the Multi-Generational Family Farm, Enterprising Rural Families Library.

http://eruralfamilies.uwagec.org/ERFLibrary/Readings/Step_4_Create_the_Plan_pp196-202.pdf

STOP 5. Communicate the Plan

Communicate the details of the transition plan to family, employees, and others who have interest in the continuity and success of the business. The existence of a plan will typically reassure everyone involved and allow them to align their own future plans to ensure a smooth transition.



How Do We Get There From Here? Communication WORKSHEET

What process will be used to communicate the choice of successor to others who need to know?

Make a list of everyone
who needs to know:

When will the communication process begin? End?

Who will be involved in communicating the choice?

How will communication be accomplished? Will the approach be the same for all those listed above?

It is likely that mis-communication could happen in the transition process. How will mis-communication be handled by the individuals involved in the transition?

Some family member(s) may want to have the choice of a successor changed. How will questions, beyond those asked for clarity, be asked and addressed?"

Communication, page 2.

Is there a conflict resolution strategy or recommended method for handling conflict within the business?

How will conflicts between the founders and incoming generation members be handled? Who will be involved in resolving the issues?

How should the transition period be described?

Will a successor development plan be followed?

How will the authority structure be clarified and who will be in charge of specific day-to-day operations?

How will that transition over time?

How will supervision of the successor be handled? Who will give input? Who will have the final say?

Who has final authority and when will authority transfer from the present manager to the successor?



COMMUNICATION

HOLDING CRUCIAL CONVERSATIONS

“The single biggest problem in communication is the illusion that it has taken place.”

~ George Bernard Shaw

Communication Avenues

Proper and complete communication uses a combination of methods adapted to the desired outcome and need. No one method is sufficient.

Without effective internal communication, your business is doomed.

What a good internal communications strategy should do:

- Help team members fully understand the company's objectives, values, and culture
- Turn your employees into brand ambassadors
- Build a company culture of honesty and trust
- Improve employee retention, engagement, and productivity
- Provide easy access to important information so everyone can perform their jobs well

Avenue	Pros	Cons	Considerations
Informing	<ul style="list-style-type: none">• Quick• Simpler• Initiator controls content• Easier to control endpoint• Reduces open conflict• Reduces questioning	<ul style="list-style-type: none">• Does not check for understanding• May leave voids of information• May not convey foundational motives, vision, emotions• Does not consider reception of listener – feelings, needs, vision, etc.• No learning or expansion of initiator understanding• May be perceived as dictatorial and uncaring• Participants may go away with negative feelings or unanswered questions	

Questioning	<ul style="list-style-type: none"> • Draws others into the conversation • Gathers information • Elicits variety of understanding and intention • Gives validation and importance to participants • Creates interest and buy-in • Generates curiosity • Stimulates reflection • Provokes thought • Surfaces assumptions • Invites creativity • Generates energy • Channels attention • Remains with participants • Touches depths • Evokes more questions 	<ul style="list-style-type: none"> • Takes time and effort • Questions must be carefully thought out and crafted • Direction & content may not be what was planned • May not provide a clear course for decision making 	<ul style="list-style-type: none"> • Use “what, how, why, who, when, where, which” more than “yes/no” • Keep the scope specific and clear to the issue • Remove assumptions: not “Who is to blame?” but “What can we learn?” • Often needs to be combined with other methods of communication
Discussion	<ul style="list-style-type: none"> • Open opportunity to share viewpoints, information • Creates buy-in • Increases understanding • Validates participants • Creates sense of cooperation, participation • Allows present managers to begin process of diminishing their role, increase role of successor(s) • May expose hidden feelings or issues that need to be addressed 	<ul style="list-style-type: none"> • Slower • Takes more energy and time • Participants don't always get their way • Loss of control • Going the wrong direction • Not ending up at the desired endpoint • Increased emotions • Increased chance for misunderstanding, anger, frustration, etc. 	<ul style="list-style-type: none"> • Usually requires facilitation • Facilitation may need to be strong to keep the discussion constructive and on track • Facilitator could be a member of the team • If strong emotions or disagreements are present, an outside facilitator may be needed • Multiple sessions may be needed to achieve desired results

Reframing/ Paraphrasing	<ul style="list-style-type: none"> • Checks whether you understood what they said • Allows speaker to further explain • Gives speaker sense of validation • Allows speaker to check their motives 	<ul style="list-style-type: none"> • Overuse may frustrate speaker • If used with negative or critical tone, may cause anger or hurt 	<ul style="list-style-type: none"> • Repetition of what someone else has said in your own words, often without the negative connotations • Used during discussion or questioning to increase or confirm understanding
Body Language	<ul style="list-style-type: none"> • Provides context, emphasis, mood, emotion, etc. • Can be expanded and learned to improve communication 	<ul style="list-style-type: none"> • May convey messages we do not intend or want to keep hidden • Often picked up from others early in life and may not reflect our true intentions • May overshadow what was actually said 	<ul style="list-style-type: none"> • Comprises major part of personal communication • Powerful messages • Used continually and usually unconsciously

Mistake #1: Letting information just trickle down from the top

- Results
 - Slow distribution
 - Misplaced data
 - Lost information
 - Misunderstanding
- Assume nothing.

Mistake #2: Not asking for feedback

- You need two-way dialogue.
- Ask yourself how you communicate: Are you really communicating with your employees or just giving them information?

Mistake #3: Ignoring your team's expectations

- Millennials (a.k.a. digital natives) expect to be socially connected to everyone and everything all the time.
 - Not only includes their personal lives but also extends to their workplace environments.

Mistake #4: Procrastination. Period.

- Communicate early
 - Be proactive about communicating big changes early on so team members and employees don't spread rumors and gossip.
- Decrease resistance to change.

- Team members and employees often resist change because they don't understand how the changes will personally affect them. The more you communicate quickly and honestly about what's going on in the company, the more you will have the support of your staff.

Mistake #5: Not repeating your message

- When managers want to deliver important messages, it's important to deliver the same message multiple times.

Mistake #6: Being a poor listener

- Being an effective communicator is impossible without good listening skills. Managers should actually listen more than they speak, because, as we all know, talk is cheap.
- Taking the time to really listen to what your employees are saying is crucial for an effective internal communications strategy.

Mistake #7: Making it too complicated

- The best communication is straightforward.

Mistake #8: Not making a plan in the first place

- Not having any communications strategy is just as bad as having a dysfunctional one.
- Organize your plan and then document it, focusing on (among other things) the tools you'll use to communicate and collect feedback.

You must:

- Learn to adapt
- Be more tolerant
- Listen carefully and empathize
- Look beyond the surface
- Do not lapse into your own language when with others who don't understand it
- Take responsibility for the communication

Good communication is:

- Clear
- Credible
- Concise
- Consistent
- Constructive
- Timely

Good communication:

- Builds understanding
- Promotes engagement
- Reinforces values
- Primes people for crises

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http://www.slideshare.net/VingApp/avoid-these-10-mistakes-in-your-internal-communications?qid=9c3a81b1-526c-4d12-8f4f-932198539414&v=default&b=&from_search=13

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Peace At Any Cost Is No Way To Run A Business, Country Guide, Enterprising Rural Families Library.

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http://eruralfamilies.uwagec.org/ERFLibrary/Readings/Managing_Conflict_pp78-89.pdf

Working as a Team ~ pp 90-105, Managing the Multi-Generational Family Farm, Enterprising Rural Families Library.

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STOP 6. Plan for Retirement

For most families, the farm/ranch is not only the source of current income; it is also the source of income for retirement as well. Studies have found that retirement is often different for farm/ranch families than for those who work for an employer. Many farmers/ranchers believe there is no such thing as retirement. Retirement may mean scaling back rather than not working anymore. Improved health, increased life expectancy, and advances in agricultural technologies enable many operators to work much longer than was true for previous generations.



Management Succession Plan:

How Do We Get There From Here? Plan for Retirement WORKSHEET

DEFINE RETIREMENT: Describe what a happy, fulfilling retirement means for you-

Goal 1:

Goal 2:

Goal 3:

Goal 4:

What does it mean for your spouse?

Goal 1:

Goal 2:

Goal 3:

Goal 4:

TAKE STOCK of what you will have to work with, skills, resources, etc. in retirement. What do you enjoy?

Will any of these activities earn extra income?

EVALUATE YOUR HEALTH: When was your last physical, dental cleaning, blood test? Preventative health care can help lower health care costs at any stage of life. Getting enough sleep, eating healthy, regular exercise are all things you might commit to in retirement. Make a list of health improvements you intend to make:

Improvement 1:

Improvement 2:

Improvement 3:

Improvement 4:

Healthy Activity 1:

Healthy Activity 2:

Healthy Activity 3:

Plan for Retirement, page 2.

SOCIAL SECURITY: Plan when you will begin to draw social security benefits. When will your spouse?

I will begin to
draw Social
Security benefits:

Spouse will begin
to draw Social
Security benefits:

NETWORK using social media or other methods to maintain connections in retirement. List some ways you plan to network with family, friends, former business associates and others in retirement.

Network 1:

Network 3:

Network 4:

Network 2:

Network 5:

WORK: Decide how much you want (or need) to work in retirement. After developing the Retirement Plan Worksheet and determining your financial needs for retirement, describe your plans for work in general terms here. How often will you work, how far will you travel to work, will your spouse work?

EXPENSES: Consider ways that you may be able to cut expenses in retirement compared to the way you live now. List some of your ideas here:



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Further Reading:

Financial Literacy, Enterprising Rural Family Library see any of the following at:
<http://eruralfamilies.uwagec.org/ERFLibrary/FinancialLiteracy.htm>

Where Does All My Money Go?
Financial Fitness Quiz.
Emotional Uses of Money.
Seven Principles to Move You Toward Wealth.
The Case of the Missing Money.
Needs Versus Wants.
Household Spending Record.
SMART Goals.
Evaluate Your Financial Goals.
Income & Expenses Worksheet.
Dollar Decision\$ Suggestions.
Dollar Decision\$: What Would Work for You?
Debt Decision Matrix.
Plan for Handling Debt Obligations.
Spending Decision Card.
Tips for Smarter Borrowing.
Money Talk: A Financial Guide for Women.
Understanding Your Credit Report.
A Downward Spiral of Payday Lending.
Additional Debt Limit Worksheet.

Retirement Planner: Plan For Your Retirement, Social Security Administration.
<http://www.ssa.gov/retire2/>

AARP Retirement Calculator: Are You Saving Enough?
http://www.aarp.org/work/retirement-planning/retirement_calculator.html

Taking the Mystery Out of Retirement Planning, United States Department of Labor.
<http://www.dol.gov/ebsa/publications/nearretirement.html>

STOP 7. Enjoy the Years Ahead

Step back from the business and enjoy retirement. The best laid plans will fail if you do not relinquish control and allow your successor to take the reins. The secret to success is making sure that your life in retirement is full and satisfying.



Management Succession Written Plan:

How Do We Get There From Here? Action Monitoring WORKSHEET

Action Monitoring, page 2.

Further Reading:

A Lasting Legacy, courses one and two from RightRisk cover 1) Intergenerational Relationships- Parent/Adult Child Relationships and Managing Intergenerational relationships, 2) Legacy Components- Values and Life Lessons and Personal Possessions of Emotional value, 3) Final Wishes and Instructions- End-of-Life Issues, Pre-Death Wishes, and Final Instructions, 4) Financial Assets and Real Estate- Estate Planning, Financial Planning, and Transferring Real Property. Also included are a glossary, resource links for further research, and many other features.

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How to Do Successful Succession Planning, Free Management Library.

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Step 10: Building a Succession Management Plan.

http://www.careerbuilder.com/jobposter/small-business/article.aspx?articleid=ATL_0145SUCESSMANAGESMB1

Succession Planning Roadmap.

<http://www.workforce.com/articles/succession-planning-roadmap>

Succession Management: Positioning Your Organization's Leadership for Business Success, by Dr. Deborah Schroedere-Saulnier.

[https://www.yumpu.com/en/document/view/31259552/positioning-your-organizations-leadership-for-business-success/9](https://www.yumpu.com/en/document/view/31259552/positioning-your-organizations-leadership-for-business-success/)

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<http://www.wyoextension.org/publications/> search word: estate planning

Who Gets Grandma's Yellow Pie Plate? from the University of Minnesota Extension Service. 20 Coffey Hall, 1420 Eckles Ave., St. Paul, MN 55108, 1999.

"Trust and Trust Building" Beyond Intractability, by Roy J. Lewicki and Edward C. Tomlinson. Eds. Guy Burgess and Heidi Burgess. Conflict Research Consortium, University of Colorado, Boulder. Posted: December 2003.

"Section 4: Succession Planning" in Managing the Multi-Generational Family Farm from the Canadian Farm Business Management Council, Agriculture and Agri-Food Canada, pp 159-210.

Inside the Family Business, by Léon A. Danco, Chapter 8, pp 169-185.

A Guide for Developing Best Practices for Farming with Family: Achieving Success in the Family Farm Business...Improving Communication and Decision Making, by Jim Soldan and Lorne Owen, The Canadian Farm Business Management Council.

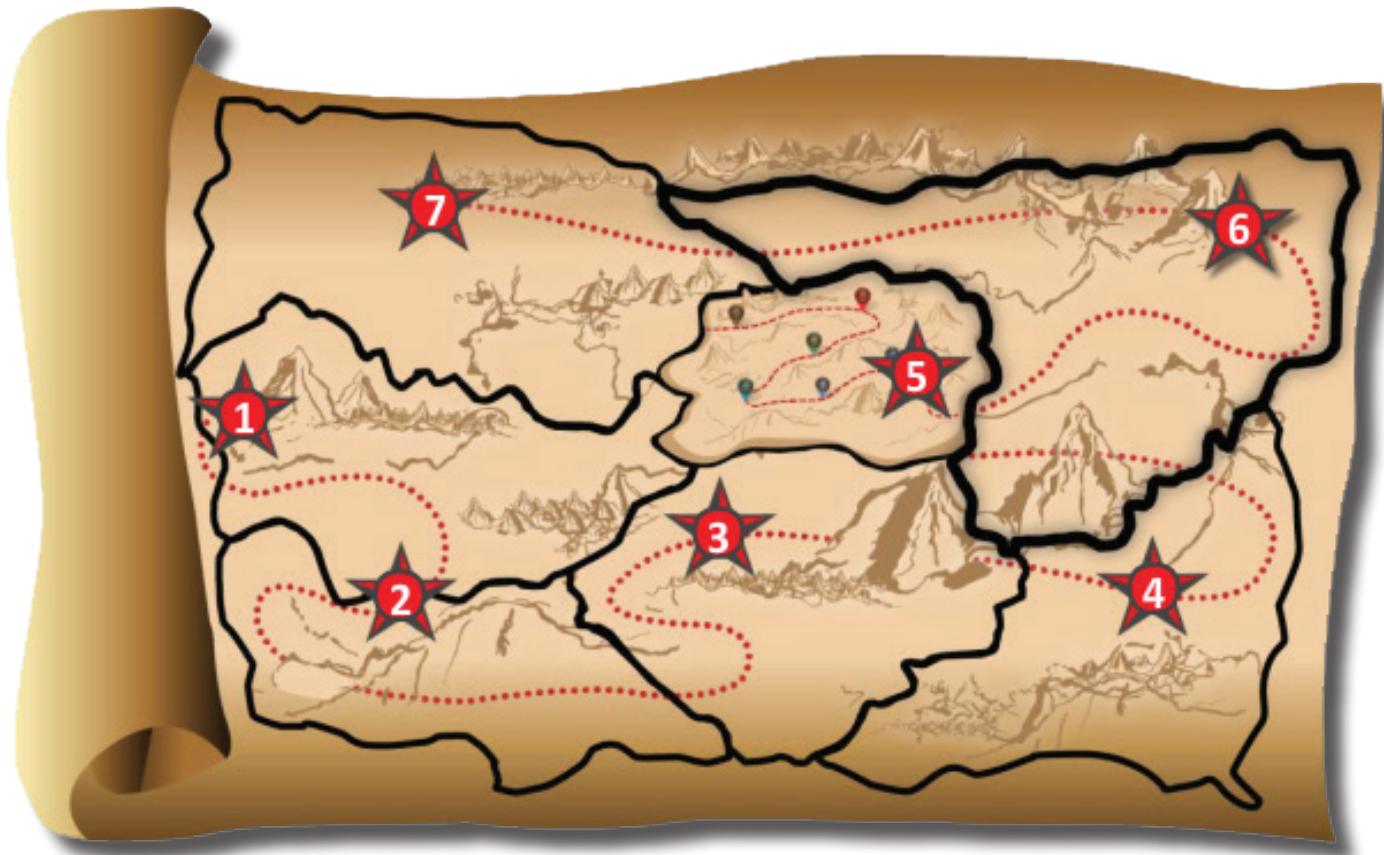
"Trust in the Family Business" Enterprising Rural Families newsletter, by John P. Hewlett, UW Ranch/Farm Management Specialist. vol. VII, no. 12, December 2011.

"Sustaining Trust Within Family Businesses" by Chamu Sundaramurthy in the Family Business Review, vol. XXI, no. 1, March 2008, Family Farm Institute.



FINANCIAL PLAN

Very few people ever have enough money to cover all of their wants in retirement. It seems that the more we have, the more we want and think we need. But the power of choice can control incomes of all sizes. Setting financial goals gives a person that power. Determining the sources and amounts of cash flows is the first step to matching our cash inflows to our cash outflows. Families experiencing difficulties and expressing concerns about money often lack information and plans for managing the money they have available to spend.



Management Succession Plan:

How Do We Get There From Here? Financial Plan WORKSHEET

This section should provide a brief summary of the financial plan. Although a much more detailed version could be compiled, this section is intended to provide the financial highlights for the transition.

Item Description	Book Value	Market Value
ASSETS:		
CURRENT ASSETS:		
Cash on Hand-		
Marketable Stocks/Bonds/Securities-		
Market Livestock-		
Inventories (feed, seed, fertilizer, hay)-		
NON-CURRENT ASSETS:		
Breeding Livestock-		
Machinery and Equipment-		
Buildings and Improvements-		
Real Estate-		
Other Non-Current Assets-		
LIABILITIES:		
CURRENT LIABILITIES:		
Operating Loans-		
NON-CURRENT LIABILITIES:		
Livestock Loans-		
Machinery or Equipment Loans-		
Building or Improvement Loans-		
Real Estate Loans-		

Financial Plan, page 2.

Item Description	Year End Totals
CASH RECEIPTS:	
Crop/Hay/Grain Sales Receipts-	
Market Livestock & Livestock Product Sales Receipts-	
Custom Work Receipts-	
Capital Sales Receipts-	
Other Farm/Ranch Receipts-	
CASH EXPENSES:	
Labor Expenses (wages & benefits)-	
Fuel and Oil Expenses-	
Input Expenses (vet, fertilizer, feed, seed, chemicals, etc.)-	
Marketing and Trucking Expenses-	
Interest Expenses-	
Utilities, Other Supplies and Miscellaneous Expenses-	
Loan Principal Payments-	

RETIREMENT FINANCIAL PLAN	
INCOME:	
From Farm/Ranch Business-	
EXPENSES:	
Housing-	
Transportation-	
Food-	
Clothing-	
NET RETIREMENT INCOME:	



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Further Reading:

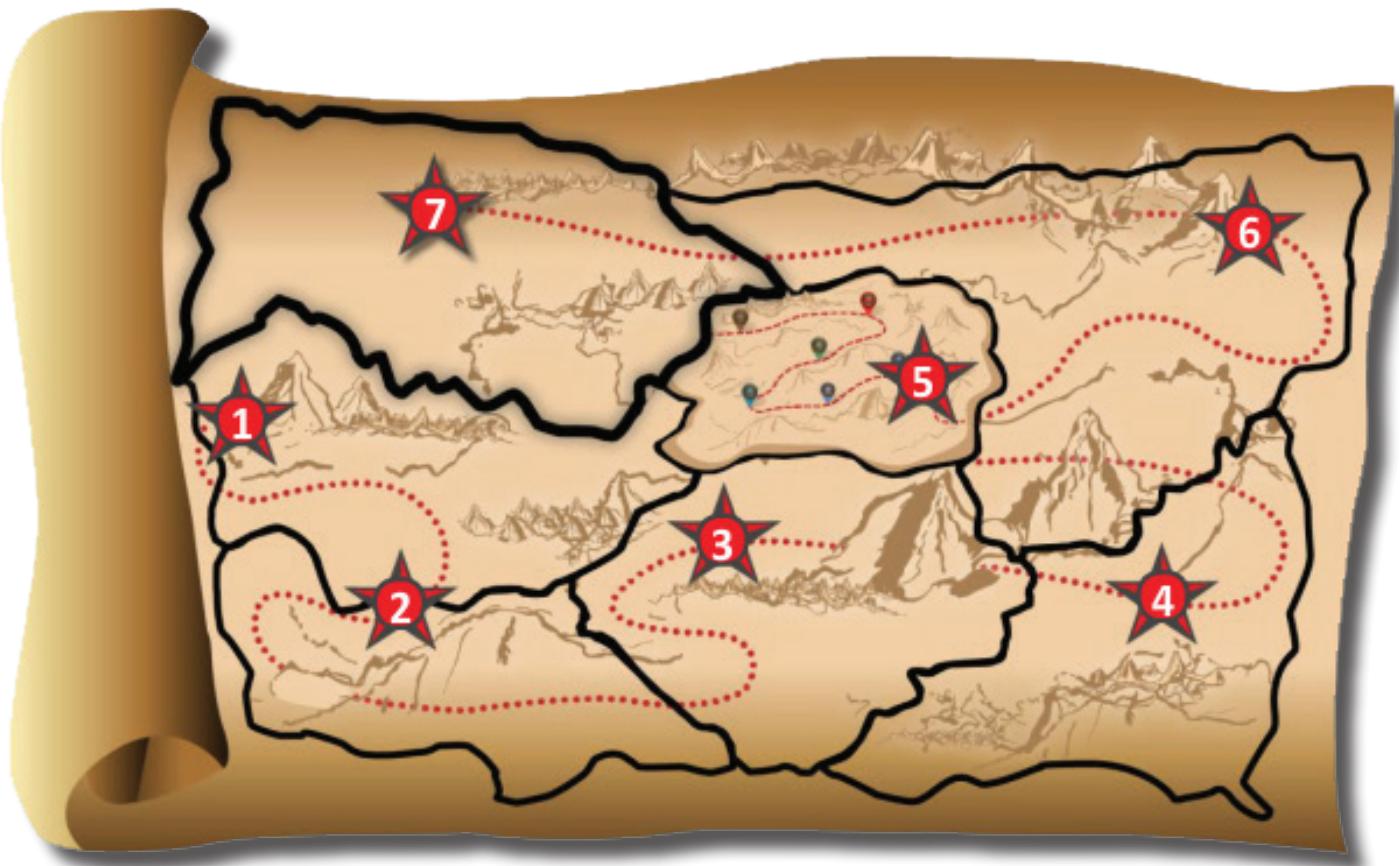
Financial Literacy, Enterprising Rural Family Library see any of the following at:
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Where Does All My Money Go?
Financial Fitness Quiz.
Emotional Uses of Money.
Seven Principles to Move You Toward Wealth.
The Case of the Missing Money.
Needs Versus Wants.
Household Spending Record.
SMART Goals.
Evaluate Your Financial Goals.
Income & Expenses Worksheet.
Dollar Decision\$ Suggestions.
Dollar Decision\$: What Would Work for You?
Debt Decision Matrix.
Plan for Handling Debt Obligations.
Spending Decision Card.
Tips for Smarter Borrowing.
Money Talk: A Financial Guide for Women.
Understanding Your Credit Report.
A Downward Spiral of Payday Lending.
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http://en.wikipedia.org/wiki/Personal_finance

CONTINGENCY PLANS

Every succession plan should include contingency plans. What will happen if something goes wrong? In this section, things like disability insurance, life insurance, employee training, back-up support, how-to manuals, and communication with family, employees, and key stakeholders should be considered.



Management Succession Plan:

How Do We Get There From Here? Contingency Plan WORKSHEET

*The best laid plans cannot cover all possible outcomes. As a result, they rarely come off exactly as planned.
The Contingency Plan should cover what will happen if... Where plans don't cover everything or go wrong.*

Death, illness, disability, even divorce or disaster: What will happen if one of these events occurs before the management transition is complete? Who will cover the gap?

What key skill sets and competencies are required to keep the business functioning? Who has those?

SKILLS	WHO

Contingency Plan, page 2.

Is there a need to train individuals to provide back-up support for others in the business? Is this back-up role only needed during the transition or will back-ups be needed after the transition is complete?

How will disagreement about management decisions be handled during the transition? Who will have the final say? Will there be an opportunity to appeal decisions? How will appeals be handled?

If the transition team has opted to use a development program for the successor(s), how will the business handle the possibility of the incoming manager deciding that they do not want the role? Is there another who should be considered? If not, will the business continue? If so, how will that be possible?

If the transition is not successful, should an alternative form of business ownership be considered? Who will have ownership and in what proportions would ownership of the business and the farm/ranch assets be divided among those who have an interest?

Will this ownership structure accommodate differences in opinion regarding how things are run? Is there a structure that could cover those differences where they exist? If so, what options would there be? If not?



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