

'UNDERSTANDING THE EMOTIONAL SIDE OF SUCCESSION PLANNING'

by David Bradley

Aging business owners are creating a succession backlog.

Many people at 65 feel too young to retire or believe they cannot afford to retire. For some, fear steps in, as the act of creating a succession plan makes them face their own mortality. There are also a large number of small business owners who simply don't know where to start and don't understand how to create a meaningful plan with limited funds available to pay somebody to help them.

One of the possible blocks is the understanding that there are two distinct sides to creating an effective succession plan: the emotional side and the hard issues of accounting, legal and tax planning. Many succession plans fail because the emotional side was not considered when developing the plan.

What is the emotional side? Succession is about people who have emotions, hopes and fears. Some examples might be:

- "What will I do" and "where will I go?"
- "Who has the ability and interest to take over my business"?
- "How can my legacy continue"?
- "Will I be able to receive income/money from the business if I retire"?

One of the critical points to recognize is that one cannot transition *from*, we need to transition *to*. What does that mean? We, as human beings, have a high need to be validated. We function best when we have a purpose, a passion to do good things and a reason to get out of bed in the morning.

Retirement was well explained when a gentleman said that it is like being back at school waiting for summer holidays to start. Initially you have the gift of time to play golf, travel and relax but without a well thought out plan you can start to vegetate. The day arrives when you partner says "I'll have breakfast with you, I will have dinner with you but I am not having lunch with you. Get out, go do something"!

Let's go back to succession. You need to ask yourself what options do you have? Do you have family members that could take over. The question then becomes are they capable of running the business? This is where assessment tools can help identify their potential ability to run the business successfully and the education and coaching needed to increase their potential for success.

Maybe you want to sell your business. This is where the principal of supply and demand cuts in as more and more people want to sell their business the market become flooded with supply but demand remains the same or decreases.

A point to think about: *succession is going to happen anyway - so why not plan it.*

So, what are you going to do?

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David is the founder and President of the Succession Planning Group Inc, a Calgary based management consulting firm.

With over two decades of knowledge and experience, David understands the thought process and methodology needed to create a solid succession plan.

He is the author of the 'Succession Journey'. This program has helped many clients find a clear direction, a new purpose, happiness and inner peace.

His firm has been helping entrepreneurs and business owners since 1992.