

Succession Plan Framework and Checklist

This guide outlines what a basic plan would include.

- Please place a check mark (✓) beside each of the succession planning components that you have completed to date.
- Examine all the statements where you **did not** place a check mark.
- Based on your situation, place these statements in order of priority.
- Proceed to the **How to Develop Your Business Succession Plan** section of this guide for more information on continuing to develop your plan.
- Gather information and write your plan.

Goals and objectives

- Identified the stakeholders of my business
- Established the need for a succession plan
- Developed a business vision
- Established business goals
- Established personal goals
- Established retirement goals
- Created a team of advisors

Exit strategy

- Reviewed options for my exit from the business
- Made exit strategy decision based on identified options

Business valuation

- Obtained professional advice about the value of my business
- Determined the value of my business
- Determined current value of business assets and liabilities
- Determined the goodwill value of the business

Business structure and organization

- Paid business debt
- Hired and retained productive staff
- Structured business to maximize value
- Documented key processes and procedures

Tax and legal considerations

Tax considerations

- Developed financial objectives
- Aware of tax implications of current business situation
- Planned and implemented tax strategies to minimize taxes

Legal considerations

- Developed shareholders agreement
- Developed current buy-sell agreement

Estate plan

- Made arrangements to provide for my spouse and children
- Completed my will, power of attorney and personal directive
- Minimized inheritance taxes, probate costs and other legal fees
- Selected a trusted advisor to settle the estate

Successor selection

- Developed successor criteria
- Developed questionnaire to assess candidates for succession
- Selected a successor
- Communicated with successor
- Advised key stakeholders of successor

Successor training

- Assessed skills needed by successor
- Developed plan for successor training
- Developed mentoring program for successor
- Established timelines

Contingency plan

- Developed a contingency plan
- Obtained disability insurance
- Obtained personal life insurance
- Obtained critical illness insurance
- Obtained business insurance
- Obtained key person insurance
- Obtained overhead business insurance
- Trained a key employee to take over in the case of an unforeseen event
- Communicated the plan to family
- Communicated the plan to key employees/stakeholders
- Communicated the plan to my advisors

Conflict resolution

- Documented the roles, responsibilities and expectations concerning the transition
- Identified a facilitator who knows my wishes and will work with the stakeholders through the process of succession

Timelines

- Determined timeline for transition of management of the business
- Determined timeline for transition of ownership of the business
- Determined timeline for full exit from the business

Communications plan

- Documented succession intentions
- Documented how to proceed with succession should an unforeseen event, such as an accident or illness, occur
- Documented the business transition or exit strategy to inform family, employees, clients, suppliers and community