Succession
Ready
Enabling Leadership Continuation for SMEs

Toolbox
for Training Manual

For owners and key personnel of SMEs

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TOOLS

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FURTHER RESOURCES

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Article	Keeping the Family Informed	page 13	2	basics
Youtube	How can leaders choose the right successor?	page 13	2	basics
Video clip	Knowledge Bank: Thomas Zellweger on "family business succession"	page 14	2	intermediate
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Article	5 reasons why you need a bussines coach	page 19	3	basics
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Social Media Post	Already have your own coach?	page 20	3	basic
Podcast	The Story of How a Successful Family Business Transitioned Between Generations / Exploring Family Business	page 20	3	intermediate
Guidebook	Top 7 Steps to selling your business	page 26	4	basic

The toolkit provides methods , tools and resources according to the needs of the topic Succession Ready.

5 MODULES   **9** TOOLS   **15** HOURS

Module 1
WHAT IS THE MEANING OF SUCCESSION?

TOOLS

SUCCESSION PLANNING CHECKLIST SIGMA

1. Introduction

Do you think your organization has Succession planning under control? If you are unsure, SIGMA platform offers you a reliable check list that you can fulfil.

2. Objectives

This checklist is a quick measure of the maturity level of your organization's Succession Plan and what areas need to be improved. Assessment scale is intended to provide family business owners with a general assessment of their succession readiness while recognizing that the family dynamics and the family attributes vary from family to family and from generation to generation. The degree to which these questions are dealt with, the greater the likelihood you will experience a successful transition.

3. Requirements
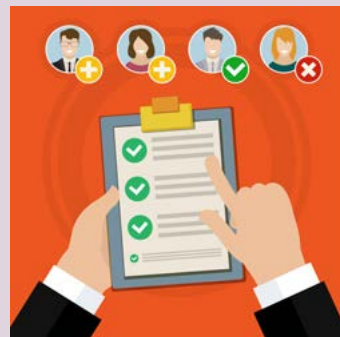
To use this checklist, you need access to the internet.

4. Necessary materials

No account is required for using the tool.

5. Sigma Succession

6. Implementation

Download your free version from above link and answer to 4 topics (planning, decision making, integration, success) about the Succession process. Add up your score and rate it using the scale.

7. Further information

There is a very interesting Blog on this web page with inspiring content that you will encounter on your succession journey. The topics covered range from leadership series to mindfulness, hiring the people and emotional intelligence.

GAP ANALYSIS

1. Introduction

Analysis is a classic tool for clarifying what has to be done. It can be used widely; in business and private life.

2. Objectives

The goal of the analysis is to have participants determine the differences between the present situation and a desired future state in order to focus problem-solving on the gaps.

3. Requirements

For in person facilitation, you will need a meeting room, flipchart and markers; for on line facilitation you will require internet with on line whiteboard and collaboration board.

4. Necessary materials

You will need whiteboard and markers; for on line method you will require on line whiteboard. No account is required for using the tool.

5. Gap analysis

6. Implementation:

While using the tool follow the steps bellow:

1. Identify the desired future state and describe it. Capture on flipchart.

2. Describe the present state and capture on flipchart.

Post present and future state descriptions on the wall with a space between them.

3. Brainstorm the gaps between the "present" and the "future".

4. Post on the wall between the descriptions of present and future.

5. Have small groups problem-solve how to deal with the gaps.

6. Share in large group

7. Further information

Follow up plan is required, because the plan needs to be operationalized.

FURTHER RESOURCES

IDENTIFYING READINESS FOR SUCCESSION MANAGEMENT

Article is talking about readiness for succession and identifying if the company owner has ability to perform and move the target position.

Identifying Readiness for Succession Management

Implementation:

After reading the article you will be able to identify your readiness for the succession process. There are few questions that owner has to ask himself; is next generation of leaders ready to take over when the current ones retire, to estimate their time of arrival, prepare their development plan to get there, does the person have the ability to perform in the target position. We need to look at their performance, their behavioral fit to the next level, their functional and business knowledge, emotional intelligence, and their experience to determine their gap and understand what development to prioritize.

Module 2
TRANSFERRING A BUSINESS - CHALLENGES AND POTENTIAL SOLUTIONS

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DECISION MATRIX

1. Introduction

Some decisions can be tough to make. Especially when there are more factors that go into making them. Decision matrix is a tool that will help you consider all the important factors when making a decision. It brings more clarity into the process. It is most useful when you have several options and you need to decide between them based on a number of different factors.

2. Objectives

The goal is to calculate a score for each option based on their factor scores. The score will help you make your decision.

3. Requirements

No special requirements are necessary for the tool.

4. Necessary materials

Peaces of paper and pencil. No account is required for using the tool.

5. Decision matrix

6. Implementation

Decision matrix is basically a simple table with your options and factors for deciding. The goal is to calculate a score for each option based on their factor scores. The score will help you make your decision.

Here's how to create a decision matrix step by step:

- Write down the decision you need to make
- List the options you have
- Identify factors that you want to consider
- Score the options on each factor

- Add weight to the factors
- Calculate the options' scores – multiply each score by the factor weight, then add them up.
- Pick your winner – option with the highest score

7. Further information

If you want to give this tool a shot, I recommend using an app called Ruminate. It provides everything you need to create a decision matrix and does all the calculations for you.

SWOT ANALYSIS

1. Introduction

The SWOT analysis makes it possible to initiate strategic planning. A distinction is made between an internal and external analysis. While the internal analysis looks at the strengths and weaknesses of the network, the external analysis takes a closer look at the environment and identifies opportunities and risks.

2. Objectives

Through the SWOT analysis, it is possible to define concrete measures to use opportunities and minimise risks. This method allows defining strategies, using resources correctly, and tanking measures.

3. Requirements

No special requirements are necessary for the tool.

4. Necessary materials

Peaces of paper and pencil. The sample questions, the SWOT matrix and the checklist might help with the implementation.

5. SWOT Analysis

6. Implementation:

While using this tool follow the steps bellow:

1. Take two sheets of paper. Draw a line down the centre of both of them. Put in Strengths, Weaknesses, Opportunities and Threats at the top of the columns.

2. State the issue that you are dealing with.

3. Take a few minutes and brainstorm individually in each of the columns.

4. When the group is done go around the table and get out items for (Internal) Strengths. Then Weakness. Then (External) Opportunities and Threats. Ask people to add new items rather than repeat the same item.

5. What are the key Strengths? Weaknesses? Opportunities? Threats?

6. We want to divide into teams and each team will write sentences describing their key items in sentence form and give illustrations or examples from real life.

7. When they are finished ask them to read their sentences out to the group.

8. We are not interested in editing the sentences but more check the content. Are there any suggestions about the content?

9. Move to the next sentence.

7. Further information

On the link you can find SWOT example and download it for free. This method can also be adapted for online by using one of the many virtual collaboration boards such as JamBoard, Miro or Mural.

FURTHER RESOURCES

KEEPING THE FAMILY INFORMED

After reading this article you will see the significance of family relationships prior to succession planning.

Keeping the family informed

Implementation:

Read the article and make notes.

HOW CAN LEADERS CHOOSE THE RIGHT SUCCESSOR?

In the short video clip are presented three basic tips that will help you in understanding the process of selecting a successor.

How to choose the right successor?

Implementation:

Listen the video on YouTube channel.

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KNOWLEDGE BANK:
THOMAS ZELLWEGER ON FAMILY BUSINESS SUCCESSION

In the video clip you will find useful information about different forms of succession and why businesses should follow a six-step-process.

Knowledge bank

Implementation:

Listen the video on YouTube channel.

THE BUSINESS TRANSITIONS - SHERPA

Succession Stories is an award-winning podcast guiding entrepreneurs from transition to transaction. Succession Stories explores the entrepreneurial stages of a business from growth to maturity focusing on value creation, exit planning, succession, and M&A for owner-led companies. If you are an entrepreneur looking for inspiration to create a more valuable business, or an owner who wants to figure out the best way to transition or sell their closely held company, you should listen this podcast.

Business Transitions

Implementation:

Click on the link above to listen a variety of content with entrepreneurs on this podcast.

Module 3
PSYCHODYNAMICS OF FAMILY RELATIONSHIPS
DURING THE SUCCESSION PROCESS

TOOLS

SECOND ORDER THINKING

1. Introduction

Some decisions seem like wins at first but turn out to be losses over time. What seems like an investment now turns out to be a liability later. What looked like a good decision earlier is now a bad one. Second-order thinking is a tool that will help you examine the long-term effects of your decisions.

2. Objectives

Most people stop at first order thinking. Second order thinking is necessary to make decisions that will stand the test of time. We need to make sure we're okay with more long-term consequences of our decisions today.

3. Requirements

No special requirements are necessary for the tool.

4. Necessary materials

Peace of paper and pencil. You can also download for a fair amount a handy worksheet to help you put this tool into the practice. It comes with a simple how-to guide including an example.

5. Second-order thinking

6. Implementation

Using second-order thinking can be a purely mental exercise or you can write it down on paper. Consider a decision you have to make. Start by looking at the most immediate effects of making this decision – the first order. Then for each of the effect ask yourself: "And then what?" That's how you examine the second order of this decision's consequences. You can repeat this for as many orders as you find practical. Alternatively, think about the decision in different timelines. For example ask yourself: "What will be the consequences of this decision in

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10 minutes?

10 months?

10 years?

This way you can think about the short-term, medium-term and long-term consequences of your decision. You can apply second order thinking on big decisions (e.g. buying a house), but also small, seemingly mundane, decisions (e.g. eating a cake). It's a very universal tool that is relevant not just in personal life, but also in business or policy-making.

7. Further information

There is an interesting article on a Blog »What smart people use to outperform«

COMMUNICATION PLAN

1. Introduction

The communication plan is an excellent tool for a personal (and family) overview of where you are in the succession process and what your primary goals are.

2. Objectives

When you decide to transfer a business, depending on which side you are on, you first need to have clear objectives. You need to know what you want to achieve. How do you envision the situation after the transfer?

3. Requirements

No special requirements are necessary for the tool.

4. Necessary materials

Peace of paper and pencil. There is a free example of communication plan in a table attached to the link. It will lead you easily through the questions.

5. Communication plan

6. Implementation

Start questioning yourself about and make a list for stakeholders.

- What do you want to communicate? What would you like the target audience to hear?
- Think about who is the target audience in your case? Who will you be communicating to?
- Set a basic timeline for your messages- what all you need to communicate, when will be the best time for each message and how will you define what message is appropriate and in what timeframe for different **stakeholders**.

Make lists (especially if there are several stakeholders). You will not communicate to everything and everyone at once. You will identify key employees, suppliers, customers to whom you will give information first and then all others who will receive more general information at a later stage when things are clearer. It is important that the communication is supportive and positive, to overcome any fears of different stakeholders that the change of ownership and/or management function will make things worse than before. **Appropriate content** will also be important to support the acquirers on their journey to become established. Set an indicative **timeline** to enable you to communicate the changes to stakeholders in a timely manner. This will avoid unfounded rumors that arise when stakeholders do not receive official information. Adjust the timeline according to the first information, stepping up in the run-up to the transfer, while also keeping in mind the information in the aftermath of the transfer. It is essential that **internal communication** takes place before information is made public. Therefore, organize enough meetings, presentations and give answers to employees to overcome fears, possible departures and poor performance due to employees' lack of clarity about what will happen to them after the takeover by the new owner or manager. It is very important, if a company wants to retain customers and business partners after the transfer or takeover, to communicate information **before it becomes public**. This way you will maintain trust and good relations even after the change.

7. Further information

For better understanding please refer on page 71 in Training Manual.

FURTHER RESOURCES

5 REASONS WHY YOU NEED A BUSINESS COACH

Entrepreneurship is not for the faint of heart. It can be a very stressful and lonely journey, but the rewards are worth it. Entrepreneurs constantly look for the next big idea, but sometimes it takes time to see the light. A business coach can be that source of light. A business coach can help you achieve your personal and professional goals. Whether it be motivation, knowledge, providing the right contacts, assistance with implementing new technology or more.

5 Reasons Why You Need a Business Coach

Implementation:

Here are 5 reasons why having a business coach is worth the investment:

- Business Coaching Can Help You Mitigate Risk
- A Business Coach Can Help You Stay On Track
- A Business Coach Can Help You Build a Sustainable Business
- A Business Coach Will Help You Be a Better Leader
- A Business Coach Will Help You Achieve Personal and Professional Goals.

PREPARING TO BE AT THE WHEEL – WHY FAMILY BUSINESS EDUCATION MATTERS

The article explains family business activities and how to get ready when taking over the business.

Preparing to be at the wheel

Implementation:

Read the article and make notes.

ALREADY HAVE YOUR OWN COACH?

This post on social media LinkedIn will help you understand the importance of your own coach during the process of succession.

Already have your own coach?

Implementation:

Read the article on LindkedIn platform. Use Open Immersive reader tool to translate into English.

THE STORY OF HOW A SUCCESSFUL FAMILY BUSINESS TRANSITIONED BETWEEN GENERATIONS - EXPLORING FAMILY BUSINESS

A lack of succession planning is the number one reason family-owned businesses fail to survive. But for those who intend to pass on the business to the next generation, assumptions about how the transition will work without clear communication and an agreed structure can have a devastating effect on the business continuity and personal relationships. This podcast will broaden your horizons when dealing with different generations.

Recipe for success – The story

Implementation:

Click on the link above to listen this and other podcast episodes with entrepreneurs on Spotify platform.

Module 4
FINANCING PLANNING PROCESS

TOOLS

FORCE FIELD ANALYSIS

1. Introduction

This tool can help you to evaluate the factors that will either support or hinder a change in an organisation. Basically, this method looks at the factors that keep a situation stable. This includes factors driving toward change and those opposed to change. We then look at the level of force, the strength and the commitment of the factors.

2. Objectives

The main goal is to analyse the influential factors for and against a change process within a team, department, organization, or community. To identify the relative strength of each of those factors and to develop an action plan to enhance factors for the change and mitigate or manage factors against the change. The purpose of a Force Field Analysis is to analyse where there is support and where there is opposition to a proposed change. This workshop can be followed by an action plan to increase support and decrease opposition to the change.

3. Requirements

Types of participants: People involved in change process planning & implementation

Time needed: One half to one day (depending on the nature of the change)

4. Necessary materials

For in person facilitation: flipchart and markers of a facilitator. Prepared arrows of different lengths are helpful for the process. On-line facilitation: online collaboration board.

5. Force field analysis

6. Implementation
Follow the steps bellow:

Vision

1. I would like us to spend a few minutes talking about the future of the department. Please take a few minutes and write down 5 practical things that you would like to see in the next 4 years in the department.
2. I would like you to listen for common themes as we read our lists. Let us go around the room and read one thing from you list. Continue doing this until every one has read their complete list.
3. What are some themes you heard? Write these on the board or a flip chart.
4. Read the list on the board. Thinking of the whole group's thinking, are there other things that would be included? Write them on the board.

Current Situation

5. I would like us to spend a few minutes looking at the current situation. List on a piece of paper the 5 characteristics of the current situation. I don't want complaints or compliments but as objective as possible descriptive phrases. I also don't want negatives.
6. I would like to go around the room and list what you have on your list. If what you wanted to say is already said select a different one. On a flipchart list the characteristics of the current situation.
7. Read the list back to the group. Is there any of this that someone would substantially disagree with?
   • If there is have the person state what they think the situation is. If both statements can be let up leave them.
   • If there are substantial differences clarify the context in which the different statements are being made. One might be true for example of marketing and the other for production.
8. If no agreement is reached suggest that they both be left up.
9. Is there any other aspect of the situation that should be included? Add additional information on list .

The Force Fields

10. I would like to quote from a book on planning tools. "To be listed appropriately, forces must be those that already exist in the environment, not things that would help or hinder if they were put in place. This is not a decision making tool where you list pros and cons. Once a decision on a goal is made, a force field analysis can help identify those forces that help or hinder implementation."
11. Divide into teams of 3 to 5 people with a maximum of 5 teams. Individually take a sheet of paper and divide it into two columns. List the forces that are for the change in left-hand column and those against in the right hand column.
12. As a Team select the 5 to 10 forces for, and 5 to 10 against the change.

13. In the worksheet, place arrows for each force using a scale of 1 to 5. One is the weakest force and 5 is the strongest force. The direction of the arrow indicates if the force is for (pointing right) or against (pointing left) the change. The length of the arrow indicates how much the force is for or against the change. The P is the power of the force high, medium or low. The C is the level of commitment of the force, high medium or low. (See the attached example.)
14. Put your work on a flip over sheet. Select a reporter.
15. You have 45 min. to complete your work.
16. We want to begin with reports from each of the teams. Who would like to be first?
17. When all of the reports are complete, begin by identifying forces that are the same. Which of the forces are the same? Mark them with a symbol. You would like to have a maximum of 10 forces for or against the change. You can group them by asking questions like, "Are there two that can go together?".
18. We want to work in teams again. Each team will take several of the forces and using the insights from the rest of the group determine the force, the power and the commitment of the force. We will then put up the forces on a big sheet of paper so we can see them.
19. Take 20 minutes. Are there any questions?
20. After 20 minutes gather the teams together. We would like to hear reports from each of the teams. At the end of each report I will ask for questions of clarity. When all of the reports are complete I will ask where we agree and where we disagree.
21. At the end of each of the reports ask, "Are there any questions of clarity?"
22. I will walk through each force and ask if we agree. Where there is disagreement I will mark those and we will discuss them. Walk through each of the forces and ask,
    • Do we agree that this is a force that is (for or against) the change?
    • Do we agree that it is a (one through five) level force?
    • Do we agree that the power of this force is (high, medium, or low)?
    • Do we agree that the commitment to (support or oppose) the change of this force is (high, medium or low)?

    Mark those where there is disagreement.

23. Where there is disagreement about the force, ask what are the disagreements? Work though the disagreements until there is agreement.
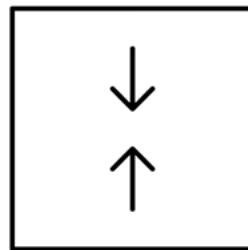
Close

1. We want to spend just a few minutes reflecting on what has happened. Where were you surprised by what we did today?
2. What did you like?
3. What was difficult?
4. What did you learn?
5. What is the next steps?

7. Further information

This workshop can be followed by an action plan to increase support and decrease opposition to the change.

TOP 7 STEPS TO SELLING YOUR BUSINESS

This free guide will help you understand sale of the company. The sale itself is a great challenge both for the seller and the buyer. Determining the value of the company is definitely one of the most important elements of the sale for both sides of the transaction.

7 steps in selling your business

Implementation:

The success of the company's sale depends on several factors, the most important being how well the company is prepared for the sale. To gain more information please read this guide.

Module 5
ESG IMPACT ON SUCCESSION

TOOLS

THE CSR READY ASSESSMENT

1. Introduction

The CSR-Ready Assessment is meticulously designed to cater to the unique needs of small and medium-sized enterprises (SMEs). Acknowledging the specific challenges SMEs encounter in adopting corporate social responsibility (CSR) initiatives, the assessment aims to harness their substantial influence on the environment, society, and economy. It guides SMEs in formulating bespoke CSR strategies and actions, rooted in a comprehensive analysis of their distinct impact areas and potential benefits.

2. Objectives

This assessment's primary goal is to pinpoint opportunities for your company to enhance its CSR efforts. Structured around typical value chain divisions, we inquire about specific CSR-Ready actions within each division. Upon completion, you'll receive a personalized, in-depth feedback report, empowering you to identify actionable steps for increasing your company's social impact and minimizing its environmental footprint.

3. Requirements

To use this assessment, you need access to the internet.

4. Necessary materials

No account is required for using the tool.

5. CSR Ready

6. Implementation

Structured around value chain divisions, the assessment delves into precise CSR-Ready actions. Upon completion, a personalized feedback report is provided, empowering companies to pinpoint actionable steps for increasing social impact and reducing environmental footprint.

Allocating 30 minutes for the assessment is recommended, ensuring thoughtful responses and transparency about the company's current state. This openness yields valuable insights for targeted measures.

The CSR-Ready Assessment offers SMEs a transformative path towards maximizing social impact while minimizing environmental footprint, reflecting our commitment to catalysing positive change in the SME landscape.

7. Further information

For additional information about ESG , your company strategy and reports please refer to EU resources.

PESTEL ANALYSIS

1. Introduction

The PESTEL Analysis is a strategic tool used in Business Planning and Strategy Development. PESTEL is an acronym that stands for Political, Economic, Social, Technological, Environmental and Legal Factors. The tool provides a structure to analyse external macro-environmental factors in those categories that have influence on a company and that need to be considered in strategic planning.

Here's a brief description of each factor:

- Political: This involves understanding the impact of government policies, regulations, and political stability on the business.
- Economic: This includes economic conditions, economic policies, and economic indicators such as inflation rate, interest rate, etc.
- Social: This involves understanding the social environment of the market such as demographics, consumer attitudes, cultural trends, etc.
- Technological: This involves understanding the impact of emerging or existing technology, technological advancements, and the digital landscape.
- Environmental: This involves understanding environmental aspects that can affect the business such as climate change, environmental policies, etc.

- Legal: This involves understanding the legal environment in which the business operates, including industry-specific regulations, employment laws, safety regulations, etc.

2. Objectives

In succession planning, the PESTEL Analysis can be used for both, to analyse the factors that influence the succession process itself – or as a tool (especially used by the successor) to analyse the macro-environmental external factors influencing the business plan.

Example of the use of PESTEL for the succession process: the tool can be used to understand the external factors that influence the succession process itself. As an example, Legal factors such as changes in labor laws or tax laws might have an impact.

Providing a comprehensive structure, the PESTEL Analysis can also be used to analyse ESG (Environmental, Social, Governance) factors. For instance, a company's response to climate change (Environmental), its employment practices (Social), and its board diversity (Governance) can be evaluated using PESTEL analysis.

3. Requirements

The PESTEL analysis is a framework. No specific materials are required to implement the PESTEL analysis. However, the PESTEL analysis requires extensive research into the individual environmental factors. This requires access to specific sources of information (although these are very much dependent on the object under consideration).

4. Necessary materials

No specific materials are needed – but you will need to conduct specific research. It is allways helpful to sum up the results of the research and the assessment of the impact of the identified factors in a presentation.

5. PESTLE Analysis

6. Implementation

The PESTEL Analysis is a powerful tool – but it's effectiveness strongly depends on the accuracy and relevance of the data collected, as well as the ability to translate the results into actionable strategies. Implementing a PESTEL analysis involves following steps:

- Identify the Scope: Define the scope of the analysis. It could be a specific project (such as the succession process), a new product, or the entire organization.
- Gather Information: Collect data on each of the PESTEL factors. This could involve market research, surveys, reports, etc.
- Analyze the Factors: Analyze the collected data and identify how each PESTEL factor could impact the business or project.
- Interpret the Results: Understand the implications of each factor on your business. This could involve identifying opportunities and threats.
- Take Action: Based on the results, develop strategies to leverage opportunities and mitigate threats. This could involve changes in business processes, marketing strategies, etc.
- Monitor and Update: The PESTEL factors are dynamic and can change over time. Therefore, it's important to regularly update the PESTEL analysis to reflect the current environment.

7. Further information

The PESTEL Analysis is a very common tool used in strategic management and further information can be found on many pages in the internet. One example is: PESTLE Analysis Explained (With Examples)

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Source of photos: Depositphotos