



Building Cash Cows™
Improving Quality of Life™

The ABA Insider™

Insights for improving profits, cash-flow, and quality of life

September 2005

This email is never sent unsolicited and American Business Advisors keeps all our subscribers' information strictly confidential. You have received this special offer by voluntarily providing your email information to us personally or at our web site.

If you have any questions about our Privacy Policy or this email, feel free to call us directly at 303-335-4218.

Will Your Business Survive Succession?

"Succession Is A Process – Not An Event"

By Robert C. Benson



The odds are overwhelmingly against a successful transfer of ownership in privately held companies. Seventy percent of them fail! While this can be attributed to a variety of reasons; including change in markets and technology, family issues, or lack of management depth, studies show one common issue stands out more than the others. The primary reason private businesses fail to survive business succession is lack of planning.

The time to begin working on a business succession is long before you are ready to walk out the door. Succession is a process, not an event, and your odds of success will greatly improve if you follow these guidelines.

- Prepare a written succession plan of the steps to select the new leader and gradually transfer leadership.
- Develop a formal strategic business plan.
- Establish incentive compensation programs.
- Train the new leader and management team on the strategic business plan.
- Provide coaching to the new leader and management team.

Studies show allowing enough time, deliberately planning, and not skipping any of these steps will greatly increase the probability of success.

The ABA Insider is published by American Business Advisors, Inc. to provide business and personal improvement information and ideas. All material is presented to provide general and broad information only. The information found in this publication does not constitute business, tax, financial, or legal advice and should not be acted upon without seeking the counsel of professional advisor.

American Business Advisors, Inc.

www.ABAdvisors.com

6635 South Dayton Street, Suite 210

Greenwood Village, CO 80111

Phone: 303-335-4218, Fax 303-220-1937, Toll Free: 877-902-3600

© 2003-2008 American Business Advisors, Inc. – All Rights Reserved