

SUCCESSION PLANNING IN A FAMILY BUSINESS

Caroline Suggett, founder and MD at ROM Consultancy, has over twenty years' experience providing executive consulting services to a number of businesses within the construction and insurance sectors. ROM works alongside shareholders, in the creation of a viable succession plan in order to position the business for continued success and growth and to provide the shareholders with options for their future

Caroline Suggett on the main challenges facing family run businesses:

Often, as is the case in family run businesses, when the business transitions to second or third generations, subtle power battles can ensue, with one shareholder countermanning the decisions of another.

Family businesses often have intricate histories, which can be hard for non-family members to understand. In order to implement an effective succession plan, shareholders may work towards separating family relationships (mentally and emotionally) from their role within the business. Established Boundaries can clearly detail the roles and responsibilities of each shareholder within the business – and allow them to bring their particular focus and strengths.

On how relationships within the workplace, with stakeholders, and within the family itself, should be managed:

Open, honest, and congruent communication on a regular basis is key. Facilitating meetings with family shareholders to establish roles responsibilities and boundaries. Each shareholder needs to be clear on what is expected from them as well as the measured deliverables required from them within a business environment. As well as establishing these boundaries, it is vital that all shareholders within the business have an aligned business vision, which is bought into, in order for long term business visons to succeed.

On the implications of shareholder challenges on the wider business:

Shareholders need to be continually mindful that, as a leader within the business, the impact of their behaviour on employees is tenfold. Leaders are 100% observable by other non-family members within the business, who will pick up on verbal and non-verbal signifiers, including behaviours, language and attitude, and mirror them. As a result respect can be lost and serious business conflicts can arise. Shareholders could benefit from actively banishing negative behaviours and language, instead replacing them with alternative positive, supporting behaviours. Clear and consistent alignment to the vision and the demonstration of a united leadership cascades positive, business focused messages and motivation.

On how owners choose which members of the family are right and ready to take over:

Selecting a successor within a family run business can give rise to a number of conflicts; often shareholders feel obliged and look to family members to fill a position, whereas they should first examine the job description, person specification and deliverables in order to see if the role fits the person, and not make the person fit the role.

On effective strategies to transition from first generation shareholders to second generation:

Older shareholders have often established the business and can sometimes struggle to hand over the reins to somebody else. Instead, channelling the input of first generation shareholders' so they can work towards handing over control of the company while still positively contributing to the business,



remaining an ambassador. Adopting an open approach to the business and its evolution, having the power to let new skills and talent come through to continue driving it forwards is key for succession planning. It is also important that first generation shareholders are able to let the business breathe, develop and grow.

Ultimately all shareholders within a family run business hold the same vested interest in the future success and longevity of the business, however communicating roles and responsibilities is key to allowing this to happen.