

The Private Owner's Succession Readiness Checklist

For those who view succession as stewardship, not merely an exit

I. Personal Purpose, Values & Legacy Clarity

Succession begins with what you are optimizing for.

- I am clear on **why** I want to transition ownership, not just when.
- I can articulate what I am ultimately optimizing for (wealth, continuity, family opportunity, impact, freedom, legacy, etc.).
- I have clearly defined the personal values I want preserved beyond my involvement.
- I can describe what a “successful outcome” looks like **after** I step back.
- I have identified which elements of the business are non-negotiable to protect.
- I have reconciled my personal identity with the idea of no longer being central to the business.

Signal of Risk: The owner has not declared what success means for the business or for him/herself.

II. Family, Ownership & Respect for the Entity

What is right for the business, not just the family.

- I have separated **family and personal interests** from **business needs** in my thinking.
- There is at least one **willing and capable** successor, not merely an assumed one.
- Successor candidates understand the **responsibility**, not just the reward.
- I have defined what qualifies someone to lead, independent of family ties.
- Family expectations around roles, compensation, and ownership have been documented and discussed openly.
- We have (or plan to develop) key **family governance policies** (e.g., employment, ownership, leadership eligibility, exit rules).
- There is a plan if no family member ultimately proves suitable.

Signal of Risk: Avoiding hard decisions to preserve short-term harmony at the expense of the entity.

III. Owner Dependency & Leadership Continuity

Excessive owner dependency is the primary barrier to successful succession.

- The business does not rely on me for most major decisions.
- Leadership authority is intentionally distributed beyond a single individual.
- Key leaders are trusted by employees, not just loyal to me.
- Decision-making processes are documented and repeatable, not intuitive or personality-based.
- Critical relationships with customers, vendors, and industry contacts are held by employees other than me.
- The business could operate effectively for 30–60 days without my involvement.
- I understand which roles (including mine) would cause the most disruption if suddenly vacant.

Signal of Risk: "If I step away, everything slows or stops."

IV. Organizational Health & Operational Maturity

Healthy organizations endure; mature operations transfer.

- Our values are clearly articulated and consistently reinforced in daily operations.
- Culture is reflected in hiring, promotion, and termination decisions.
- Cultural standards are modeled by leadership, not just communicated.
- Critical processes are documented, standardized, and accessible.
- Key metrics and financial reports are consistently and accurately prepared on a timely basis.
- Institutional knowledge is actively transferred, not passively assumed.
- The organization demonstrates discipline, accountability, and repeatability.

Signal of Risk: Culture and operations exist primarily in people's heads.

V. Governance, Advisory Structure & Control

Good governance protects the business through transition.

- Ownership and management roles are clearly separated.
- Decision rights are explicitly defined (who decides what, and when).
- There is a functioning board or advisory group that provides oversight and accountability for the organization's mission, financial performance, and performance of the primary leader.
- An advisory team is in place (or planned) with appropriate representation (e.g., financial, legal, tax, strategic, family governance).
- Family, non-family, and investor interests are intentionally balanced.
- Conflict-resolution mechanisms are defined before conflict arises.

Signal of Risk: Informal power structures or unchecked authority.

VI. Financial Readiness - Business & Personal

Succession fails when finances are unclear or unrealistic.

- The business generates consistent, sustainable cash flow.
- Compensation and incentive structures are clear and market based.
- Ownership transfer methods have been explored, not just assumed.
- The business can support both retiring and incoming leadership.
- My personal financial readiness** for succession has been assessed.
- Personal, business, tax, and estate planning are coordinated with the succession plan.

Signal of Risk: The owner's financial security is in doubt without the ongoing financial resources from the business.

VII. Emergency & Contingency Planning

Succession is not always orderly.

- There is a clear plan if I become suddenly unavailable due to death, disability, or incapacity.
- Interim leadership authority is clearly defined.
- Key stakeholders know who is empowered to act in an emergency.
- Legal, financial, and operational contingencies have been addressed.
- There is sufficient liquidity for my family and to facilitate an ownership transition in the event of my death.
- The organization has rehearsed or stress-tested emergency scenarios.

Signal of Risk: No plan exists for unplanned succession.

VIII. Transition Timeline & Communication

Uncertainty creates anxiety, attrition, and erosion of trust.

- There is a realistic succession timeline, not an open-ended intention.
- Successors are being granted increasing authority, not just titles.
- Employees understand what the transition means, and what it does *not* mean.
- Customers and partners have continuity assurances.
- I am clear on when, and how, I will step back.

Signal of Risk: Announcing succession before planning it.