

# 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.