

# Key Questions to Ask During Business Succession Planning

by Frank L. Brunetti on August 30, 2013

Succession planning is an essential component to business continuity, a smooth transition, and effective estate and tax planning. However, when there are several individuals under consideration for the job, making a decision can be challenging when there is a great deal at stake. Similar to making important decisions about investments, home ownership and other large financial events, asking simple questions can help business owners assess their options and make more informed decisions.

For instance, owners can begin by questioning which of their employees has the best disposition, training, and inherent skill for both managing a company and taking it to the next level. Many small businesses - especially family-owned - may automatically consider a relative or a person who has been a leader's right-hand man as next in line, a recent Forbes article noted. However, this does not automatically mean that the person is the best for the job, and acting on emotion rather than business mentality can lead to leadership problems in the future. Instead, owners may benefit and protect their life's work by choosing a person who has the best skill set to handle the challenges of ownership.

Choosing a great leader does not always ensure the continuity and success of a company. It's also critical to think further ahead about existing and future talent pools, and how well these individuals work with the new leader. Promoting a family member or loyal worker to a higher position may leave gaps in existing roles, which should be filled prior to an owner's departure. This may help ensure a smoother transition.

Lastly, new owners and employees should be well-versed on the financials of the company, particularly as it relates to tax and estate planning. Ensuring new leaders and managers have access to pertinent documents, know which assets they are inheriting, and how these assets will be affected by tax law can help avoid any unwelcome surprises.