

# Family Business Succession Readiness Survey

## *A family business tool*

This survey contains questions succession-ready families have thought about and know the answers to. Every question may not be relative to the maturity of your family or complexity of your business but this self-assessment will give you a good idea of your strengths and weaknesses as seen through the lens of succession planning and readiness.

For each of the following questions check Y for yes, N for no and DK for don't know. Place an asterisk next to the five questions you consider the most critical for your family to address.

If you answered no or don't know to more than half of the questions, then you may benefit from a complimentary conversation with a consultant from Make Things Happen.

## LEADERSHIP

1.	Do younger family members, as well as people inside your company know the principles and values that guide your family's business?	Y	N	DK
2.	Is everyone committed to keeping the business in the family?	Y	N	DK
3.	Does the leadership of your family have a clear vision for where the business is headed, i.e., grow rapidly or slowly, be retained, be sold, diversify, specialize, etc.?	Y	N	DK
4.	Does the leadership of your family's business have a clear and stated strategy to accomplish its vision?	Y	N	DK
5.	Does the business currently have the needed talent and experience necessary to implement its strategy and achieve its goal?	Y	N	DK
6.	Does the leadership have a clear and stated vision for who will next lead the business?	Y	N	DK
7.	Is it clear when the next leader of the business will be named?	Y	N	DK
8.	Are there satisfying career opportunities for family members not chosen to lead the business?	Y	N	DK
9.	Does the leadership of your family business frequently meet with the family to review current status and plans for its direction?	Y	N	DK

## THE FAMILY AND THE BUSINESS

10.	Are there clear criteria such as specific educational requirements or work experience for the entry of a family member?	Y	N	DK
11.	Are family members supported in their desire to pursue careers outside the family business?	Y	N	DK
12.	Is the business obligated to offer every family member and/or in-law a job?	Y	N	DK
13.	Are there job titles and clearly specified responsibilities for each family member employed in the business?	Y	N	DK
14.	Do family members know where they stand in the business, including opportunities, potential and limits?	Y	N	DK
15.	Is there a process for clearly and objectively evaluating the performance of family members in the business?	Y	N	DK
16.	Do family members in the business have a written personal development plan preparing them for future leadership roles in the business?	Y	N	DK
17.	Is it clear that family members who don't perform will be asked to seek employment elsewhere?	Y	N	DK
18.	Are family members, both active and non-active, free and willing to openly express differences of opinion?	Y	N	DK
19.	Are siblings able to discuss and resolve their conflicts and differences?	Y	N	DK
20.	Are members of different generations able to discuss and resolve their conflicts and differences?	Y	N	DK
21.	Is there an organized time when family members can get together to discuss and resolve differences of opinion about the business and/or conflicts with each other?	Y	N	DK
22.	Are there currently family problems or individual difficulties that are not being addressed by the family?	Y	N	DK
23.	Does the family consider itself to have any obligations to the community?	Y	N	DK
24.	Is there a plan to create a family foundation or a charitable remainder trust?	Y	N	DK

**SUCCESSION**

25.	Does this family business have a clearly stated and written contingency plan in the event of the untimely death of founder or head?	Y	N	DK
26.	Does this family business have a clearly stated and written succession plan?	Y	N	DK
27.	Has there been open and frank discussion about the plans for distribution and ownership of stock in the business?	Y	N	DK
28.	Will all offspring of current owners receive equal shares in the business whether they work in the business or not?	Y	N	DK
29.	Are the necessary legal documents prepared, executed and on file?	Y	N	DK
30.	Is there basic agreement amongst the active and not active offspring that the founder's wishes are reasonable, wise and fair?	Y	N	DK

**GOVERNANCE**

31.	Does the family's business use either a formal or informal board of directors?	Y	N	DK
32.	Is there a clear policy for who should serve on the board (shareholders? family members only? outsiders?) and how it will function?	Y	N	DK
33.	Are the advisors free and willing to openly challenge the leadership's strategies and decisions?	Y	N	DK
34.	Do objective advisors determine what dividends and perks shareholders will receive?	Y	N	DK
35.	Is everyone clear about the privileges of being family as distinct from the privileges and responsibilities of management as distinct from being a shareholder?	Y	N	DK

**MANAGEMENT**

36.	Does the company prepare and review an annual business plan?	Y	N	DK
37.	Does the company identify its key business indicators, e.g., on time delivery, inventory turns, product quality, etc.?	Y	N	DK
38.	Do all family members understand how financial information is used and how management decisions are made?	Y	N	DK
39.	Do all members of your family working together in management successfully resolve differences?	Y	N	DK
40.	Are all current business issues/conflicts resolved to your satisfaction?	Y	N	DK
41.	Are family members in management compensated based on objective measures of competence and performance?	Y	N	DK
42.	Does the family provide incentives and rewards for the contributions of non-family employees?	Y	N	DK
43.	Are non-family employees, who have the potential, eligible to be leaders of the family's business?	Y	N	DK

**BUSINESS REALITIES**

44.	Is your company's sales volume increasing?	Y	N	DK
45.	Is profitability increasing?	Y	N	DK
46.	Do you know why?	Y	N	DK
47.	Do you have adequate cash/credit to maintain and grow your business?	Y	N	DK
48.	Is your current mix of service and product positioned to react to changes in the evolving marketplace?	Y	N	DK
49.	Is the make-up or nature of your customer base changing?	Y	N	DK
50.	Is the business making appropriate investment in R&D, infrastructure and technology to maintain competitive advantage in the future?	Y	N	DK

Change is never easy but an experienced family business advisor can help you Make Things Happen!

Linda Fairburn BIS MSOD, is a Canadian best selling author and an expert in the area of succession planning. Her company, Make Things Happen Limited, provides succession planning and leadership transition assistance for family businesses and nonprofit corporations by solving problems through consulting and facilitation or by providing the tool for self-development. She can be reached at [www.makethingshappen.net](http://www.makethingshappen.net).