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Succession Planning

Succession planning is the process of finding the right person within or outside your family, to take over your leadership or another essential function in the family business when you or another key player steps down. It will be a difficult task for a multi-family office to assist in the actual execution of succession planning, but a family office can assist with getting the succession planning process right for your business.

Transfer of the family business

Family businesses sometimes exist and grow for generations without any difficulties. But that is an ideal scenario; it might turn out to be quite difficult to find the right successor from within the family to lead the business into the future. The next generation might not be interested in a position within the company, or the next generation might not have the abilities to lead the company after the current generation steps down. It might also be the case that several of your children would be willing and able to take over your functions, but there can only be one chief executive officer in the end; or perhaps some of the non-family members might be better qualified to take over your role. And it may turn out to be essential for the business that non-family members have a clear career path within the family business as well. This whole process is called business succession planning.

Preparing to transfer the business

Preparing successors and the moment of succession are key, and a family office can play an important role here. The next generation should be well prepared for taking over the responsibility of leading the family business by themselves. It is therefore essential that the children have the necessary knowledge and skills when the moment of succession finally comes. But how do you make sure that the next generations will develop this knowledge and acquire the necessary skills?

Business continuity

Another side of succession planning is to plan for the unexpected. What happens when you pass away unexpectedly? Is it clear who will take over the leadership of the company in that case? And is he or she sufficiently prepared for that task? In case the children are too young at this stage, who will secure the continuity of the company in the interim and who will coach the children until they are ready to actually take over? These are all issues to consider jointly with your multi-family office before it is too late. The topic of succession planning is strongly

related to the topic of family governance and you can find more information about this on our family governance page.

It will be a difficult task for a family office to assist in the actual execution of succession planning, as this is an operational business issue. But a family office could act as sparring partner for you in getting the right succession planning process in place for your family business.