The Family Business/Next Generation: Pass It On or Pass On It, Part 2

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Who should be the successor of a family owned business when the founders are no longer available, willing or capable of continuing to run it? That's definitely a mind over money matters choice.

My friend and colleague Dawn Fotopulos, a much sought after small business advocate and coach is the Founder of Best Small Biz Help.com, The Solopreneur's Lifeline(http://bestsmallbizhelp.com/meet-dawn-fotopulos/). She says usually one or two people are in charge of the business and have been the ultimate decision makers and *they* must be willing to delegate authority *before* they're ready to sell or turn the business over to be run by someone else. Why? Fotopulos says because such a transition requires a three year on-ramp/off-ramp time frame to do it successfully and suggests the following:

- Think about succession at least three years before you want to transition
- Delegate authority and not just tasks to your key proven people
- Seriously consider *non-family* members as viable leaders of the business

If you're the founder of a family business, are facing this decision and considering appointing two people to run the company and use an accountant as a referee – Fotopulos says you might want to reconsider. She is a firm believer that you can never have a 50/50 split in ownership.

"It's a recipe for disaster," she says. "Designating more than one owner in a succession plan doesn't work. Someone must ultimately be in charge. That person needs to understand the mission of the business. Although a business should be able to run independent of the founder," she goes on to explain, "it only can when the owner delegates authority regarding decision making and not just delegate tasks."

A succession plan takes time. So does identifying the right person. Mentoring a successor requires good, time consuming, on-the-job training, nurturing and giving adequate lead time for a smooth transition. Most family business founders haven't done that or identified their successor because they're structured the business around themselves. Even if the owner/leader *has* identified the person to succeed them, often they can't let go or they don't think far enough ahead to implement change and find that it's a crisis that forces putting a succession plan into play.

Lost time is lost money. Forward thinking about the transition of power is a bottom line issue. Mind over money really matters when it comes to this decision. It should be made from the mind of a good business owner rather than the heart of a hopeful parent/founder.

Fotopulos says the successor boss must be responsible for the business viability year in and year out. The entrepreneurial generation (founders) made the sacrifices but need to be sure that when the second generation (adult children) takes over, their willingness or motivation often isn't the same. Thus the s suggestion to consider a longtime, loyal employee - a person who is considered your critical second in command - to become your successor.

When choosing the person to succeed you in your successfully run and profitable family business, as you consider who best can do that, remember: ***It's your money so take it personally (TM).*** It applies here more than ever before.

Here's to your health and wealth.