



TIPS FOR INDEPENDENTS

Successful succession planning

For independent grocers, there comes a time for the leadership torch to be passed. Planning for the transition early is key

By Carol Neshevich

WHILE JEFF NOBLE says he can't name names, he shares the story of a multi-unit, family-run grocery chain that came to him for consulting help with its succession-planning troubles. Noble, the director and GTA practice leader, business transition and wealth continuity for BDO Canada, says it was a clash between generations; for whatever reason, the founders weren't passing on responsibility to the younger generation. "As time went on, conflict between the two generations got to the point where the business actually failed," he says.

Noble got involved too late to be able to fix the key problems in this case, which, he says, is a common pitfall: waiting too long to determine what will happen to a business—in terms of management, leadership, ownership and control—when the owners move on, whether due to retirement, health reasons or death. "It's never too early," says Noble. "[Owners] often think, 'I'll do it tomorrow.' This is one of those things that tends to be very important but not really urgent—until one day it is urgent."

Business owners frequently put off tackling succession and bury their heads in the sand, especially when it comes to a family business. Noble says fear is at the heart of many delays—a fear of loss of control, a fear of loss of wealth, and especially a fear of conflict. "It's often that question of how do I choose a successor? That can create a lot of conflict," he says.

Francine Carlin, a family business advisor with B.C.-based Business Harmonizer Group, agrees that starting early is vital. She stresses the importance of not treating succession as a singular "event," but more as a journey over time. "A successful transition takes place when people look at it as continuity planning, which is more about looking at always keeping the business healthy," she says.

A few tips from Carlin and Noble for proactive succession planning:

Have policies in place

Recalling the failed family business mentioned earlier, Noble said he believes setting up solid policies based on their values as a family would have helped.

"Policies about managing conflict, about how to communicate, setting up actual meetings—not just around the dinner table, but real business meetings—and having policies around decision making neutralizes a lot of the power struggles between generations."

Look outside the family

If you've got a family business but nobody in the family is particularly strong at marketing, for example, bring in an outside marketing whiz to act as the chief marketing officer. "The businesses that are successful long term, beyond the current ownership, tend to be more outward looking and less inward looking," says Noble.

Keep the business strong to keep options open

You may be thinking the next generation will take over, but that may not work out. The best option may be to sell to an outside buyer, so make sure you're constantly nurturing the business with that in mind. "If you've built up a great management team, good suppliers, and you've built an excellent, highly reputable brand, now it's a great business if your kids want to take over one day, a great business if your employees want to buy it, and also a great business that would be appealing to an outside buyer," says Noble. Carlin adds that you may want to get your business valued to prepare ahead for a potential sale. "Get your portfolio together, so that if you are approached by another business with similar goals and interests, you can make a move strategically rather than as a reaction," she says.

Seek advice

It can be helpful to seek advice from other businesses that have successfully transitioned ownership or leadership, says Carlin. "Ask them how did you move through transitions, how did you plan for the future, and what are some of the things that you've learned?"

Keep the lines of communication open

Plans can change over time, so it's crucial to keep the lines of communication open. "I always say the three most important factors are communication, communication and communication," says Noble. "Open, honest, positive communication is critical." **CG**