

Successful Succession Planning for SMBs – Strategies and Advice for a Successful Business Handover

Introduction

Succession planning for SMBs (small and medium-sized enterprises) is a crucial step for the continued existence of a company. It is important to find a suitable successor at an early stage and to plan the handover process carefully. In this article, you will learn more about the various aspects of succession planning for SMBs, including advice, strategies for [successful business](#) transfers and the special role of family businesses.

Steps for SMB succession planning

[Successful SMB](#) succession planning often begins years before the actual handover date. Planning should consider both organizational and financial aspects to ensure a smooth handover and [continuity in business](#) operations. Here are some steps to consider in succession planning for your SMB:

1. **Analyze the company's situation:** before you start the succession planning process, you should evaluate the current situation of your company. This includes an analysis of the financial situation, employee structure and market position.
2. **Determine succession criteria:** Create a list of criteria that the future successor should meet. These criteria

can include professional qualifications as well as personal characteristics that are necessary for the successful management of your company.

3. **Identify potential successors:** once you have established the criteria, start searching for potential successors. This can be done both inside and outside the company. Don't forget to consider family-internal solutions as well.

Implementing business succession in SMBs

Company succession in SMBs is about more than just transferring management. A successful succession plan also includes the transfer of knowledge, experience and corporate culture. Here are some tips on how to successfully manage company succession:

1. **Communication:** open and transparent communication about the upcoming succession plan is crucial. Inform all relevant employees and business partners about the upcoming change early on and make sure that everyone involved understands the process and the reasons behind it.
2. **Transition phase:** A transition phase in which the previous owner still remains in the company can be helpful in making the handover process run smoothly. During this time, the successor can grow into his or her role and benefit from the experience of the predecessor.
3. **Training and continuing education:** Invest in training your successor to ensure they have the necessary skills to successfully lead the business. This can be done through internal training, external training or even by completing a mentoring program.

Use of SMB succession consulting

The process of succession planning in SMBs can be complex and challenging. That's why it can make sense to seek professional advice. SMB succession consultants can help you with the following tasks:

1. **Strategy development:** a consultant will help you develop a succession strategy tailored to the individual needs and requirements of your business.
2. **Successor evaluation and selection:** A consultant can help you objectively evaluate potential successors and make the best possible decision for your business.
3. **Accompaniment during the handover process:** An experienced consultant can accompany the handover process and ensure that all necessary steps are taken and that the process runs smoothly.
4. **Beware of advisors:** often so-called advisors for succession are simply brokers. Unfortunately, many of them set unrealistic expectations of what a business is worth. Often based on the fact that brokers are interested solely in their own fees and commissions. These usually not only accrue in advance, but often have a minimal amount. As a result, many SMBs become disillusioned with brokers and only about 10% of companies are sold through brokers at all. It is therefore worthwhile to analyze carefully with advisors how the fine print is worded in the contracts.

Succession in family businesses – a

special case

Succession planning in [family businesses](#) can be particularly challenging, as emotional factors and family ties play a greater role here. Nevertheless, it is important to carry out structured and professional succession planning in family businesses as well. Here are some tips for succession in family businesses:

1. **Separate family and business:** Try to leave emotional ties to the family out of succession planning as much as possible. Instead, focus on the needs and requirements of the business.
2. **Involve the family:** Communicate openly and transparently with all family members about the planned succession and ensure that everyone has the opportunity to voice their opinions and concerns.
3. **Arrangements for emergencies:** In family businesses, it can make sense to make arrangements in the event that the planned successor suddenly drops out. This can be achieved, for example, by naming a deputy successor or creating an emergency plan.

Requirements for an SMB successor

The ideal SMB successor is not only professionally qualified, but also brings personal characteristics that are necessary for the successful management of a company. These qualities include:

1. **Leadership skills:** a successful successor should be able to motivate and guide employees while communicating the company's goals and values.
2. **Willingness to innovate:** A successor should be open to change and willing to implement new ideas and approaches

in the company.

3. **Conflict management:** Conflicts are inevitable in companies. A good successor should be able to resolve conflicts constructively while keeping the company's best interests in mind.
4. **Digitization:** Since many SMBs today are often still slightly behind in the digital area, it would be worthwhile if successors brought competence in the area of digitization to ensure long-term stability with modern processes.

Conclusion

Succession planning in SMBs is a decisive factor for the long-term success of a company. Well-planned and thought-out [succession planning ensures that the handover process](#) runs smoothly and the continuity of business operations is guaranteed. Both professional competencies and personal characteristics of the successor play an important role.

It is important to start planning the succession at an early stage, taking into account all relevant aspects – from the business analysis to the selection of a suitable successor. Professional SMB succession consulting can help you to make the right decisions and to optimize the handover process.

In family businesses, succession planning is of particular importance, as emotional factors and family ties play a greater role. Here, too, open communication and the separation of family and business can ensure successful succession planning.

Ultimately, succession planning is a continuous process that should be tailored to the individual needs and requirements of the respective SMB. With a structured approach and a long-term perspective, you can ensure that your company remains

successful in the future and makes a smooth transition to the next generation.