

# Family Business

THE GUIDE FOR  
FAMILY COMPANIES


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## Rebuilding after Katrina

In hurricane's aftermath,  
Gulf Coast families pick up the pieces

- Building a family company that lasts
- Profiting through partnerships
- Developing a transition strategy



Members of the Rubenstein family clean up outside their New Orleans clothing store. From left: David, Allison, Kenny, Andre and Niki Rubenstein.

# Starting the succession process

**F**AMILY BUSINESS SUCCESSION is a process that takes place over many years, notes Rick Brandt, Ph.D., an executive consultant with Corporate Psychology Resources in Atlanta. The more time you spend on succession planning now, Brandt advises, the smoother the transition will be for everyone involved. He suggests these steps to help you get started:

**1. Start today.** Successors should be identified long before they are needed. Five years in advance is good; ten years is better. Talk about succession with your family business colleagues early and often—not only contingency plans for the leader's sudden death or eventual retirement, but also development and preparation of emerging and future leaders (family and non-family).

**2. Establish a team.** Include your attorney, your accountant and other key professionals. Advisers can provide insight into the strengths of emerging leaders in the company, and opportunities for these people to develop their skills.

**3. Identify key positions.** There should be a succession plan in place for all critical positions, including roles that are key to the success of the organization (e.g., key account managers) and individuals who retain valuable "company memory."

**4. Define competencies.** Document the skills, knowledge and characteristics needed for success in critical roles. This is frequently accomplished through job descriptions. A concise set of competencies helps people understand the behaviors expected of future leaders.

**5. Identify candidates.** You may want your children to take over the business, but do they have the competencies, skills and motivation to do so? Assess individual strengths and weaknesses in an objective and

data-driven manner, and identify individuals who are most likely to succeed.

**6. Groom the successor(s).** Once candidates have been identified, create individual development plans for each. The plans should be a combination of formal training, self-study, mentoring and performance management. Provide opportunities for them to fulfill their personal and career goals, including possible employment outside the family business as appropriate.

**7. Discuss your plans with all parties involved.** Eliminate surprises by letting your family and management team know the general



**Brandt: Taking time now saves heartaches later.**

details of your succession plan, such as who will take over and why. The more you disclose about your succession plan, the easier it is to deal openly with high-potential employees' concerns about their career opportunities.

**8. Review and update succession plans regularly.** Succession plans should not be placed on a shelf to gather dust. They should

be modified to account for changes in family members' and employees' lives, the culture of the business and the external business environment. If you have had a major change in your personal life, revise your succession plan immediately. **FB**

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Barbara Wenger, (215) 405-6072  
 bwenger@familybusinessmagazine.com  
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The advertisement features a collage of images. On the left is the cover of Family Business Magazine, titled "Rebuilding after Katrina" and "Gulf Coast families pick up the pieces". In the center is a screenshot of the "GLOBAL DIRECTORY OF ADVISERS" website, showing a list of advisers with columns for State, Company, Contact name, and Email. On the right is a screenshot of the "Family Business" website, showing a search bar and navigation links for "HOME", "ABOUT US", "ADVERTISING", "SUBSCRIPTIONS", "CONTACT US", and "LINKS".