An introductory guide to family business succession planning

Australian Government

Australian Small Business and Family Enterprise Ombudsman

Family Business Australia

Foreword

Many family business owners hope to pass on their business to the next generation. Family business succession maintains the strong connection between the two most important things in a family business owner's life; their business and their family. Succession can also be the perfect way to cap off the business owner's personal business journey.

Where do you start? When should you start? What do you need to consider?

Family Business Australia (FBA) has been supporting family businesses with succession planning for over 21 years by providing educational courses and advisory support, and through FBA's members connecting and sharing their experiences of succession in family business.

The role of the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is to support small businesses and family enterprises to enable them to grow and thrive. The ASBFEO was launched on 11 March, 2016 and has two key functions: to assist and to advocate for small businesses and family enterprises.

This introductory guide draws on our experiences to help you understand the process of family business succession and what you need to think about to maximise your chance of success.

There will be challenges along the way. But with the right approach, supported by quality information and advice, you can succeed and achieve rewarding outcomes for everyone involved.

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What is family business succession?

Family business succession is the orderly transition of the management and ownership of a family business to a future generation of family members. Family business succession therefore involves the processes of management succession and ownership succession.

Management succession is the transfer of leadership and responsibility for the day-to-day management of the business including compliance, governance and commercial decisions.

Ownership succession is the transfer of the equity interest in the business entity, whether that be shareholding, partnership interest or beneficial interest in a trust. Owners do not necessarily have a say in management decisions.

Is family business succession for you?

Family business succession is not the only way to exit a business and may not suit all family businesses. This section provides information which will help you identify whether succession is likely to suit your situation and we have included a decision flowchart on the next page.

Is there potential for the business to stay in the family and be passed on to future generations?

If there is no potential, you will need to consider other exit options, which you can see on page 14 of this guide.

Does the next generation want to take over the business eventually?

Family members in future generations may have other plans for their lives and careers. Working in the family business on weekends as a teenager does not automatically translate into wanting to take over the business full time as an adult.

Perhaps their skills and interests lie elsewhere. Whilst it may be difficult to think of the business leaving the family, it may be the best option for all involved. There are other options available to you, which you can see on page 14 of this guide.

Are you prepared to make the necessary time commitment, collectively and individually, to facilitate a smooth succession?

Remember family business succession is a journey, not an event, and it requires time to be invested at regular intervals. Are you prepared to make the required time commitment for the next 3 to 5 years or more? Do you have agreement within your family on a realistic timeline?

Is there a positive relationship dynamic between family members? Do you understand each other well?

Even in families, people are different. Some family members are loud, some reserved, some are risk averse, while others are risk takers, and so on. Your family's dynamics have the potential to support or restrain the succession planning process.

Will the next generation be ready to lead the business by the time the current business leaders want to move on?

If there is some doubt on this, you might want to change your timeframe or consider bringing in an interim manager to both run the business and help upskill the next generation to eventually lead.

FAMILY BUSINESS SUCCESSION DECISION FLOWCHART

Is there potential for the business to stay in the family and be passed on to future generations?

YES

NO

Does the next generation want to take over the business eventually?

NO

There are other options available to you to exit the business (see pages 14-16)

YES

Are you prepared to make the necessary time commitment, collectively and individually, to facilitate a smooth succession?

NO

It is in the best interests of the business AND the family to take the time to get succession planning right. Don't start until you are prepared to commit the time required.

YES

Is there a positive relationship dynamic between family members? Do you understand each other well?

NO

An external advisor can be really helpful in ensuring that everyone's views are heard and they can help moderate the emotions in conversations.

YES

Will the next generation be ready to lead the business by the time the current business leaders want to move on?

NO

You could stay on in the business for longer or bring in an external manager until the next generation is ready to lead.

YES

Let's start planning!

What is succession planning and why is it important?

Succession planning is the planning and preparation in the lead up to, and during, management succession and ownership succession. It is a shared and collaborative project led by your family.

Succession involves a range of business decisions with the overlay of complex family dynamics and individual relationships. This can create challenges. Succession planning matters because it helps ensure effective preparation and communication, which are critical to preventing or overcoming those challenges.

Effective planning can also ensure that you properly consider and address taxation, social security and cash flow issues.

Planning for succession

Each family, and every business, is different. There is no one succession planning formula and the approach you take should be customised to your own family's circumstances. Having said that, there are key questions that you need to be able to answer to achieve family business succession. This section introduces those key questions.

When?

The earlier the better! Succession planning works best when it allows family members to make informed decisions about their needs and the extent of their involvement in the future ownership and management of the family's business. These decisions need agreement between everyone involved, and this can take time to achieve.

You also need to ensure that the next generation is both capable and confident to take over the business. To achieve this, they may need to undertake further training or gain more experience, which will also take time.

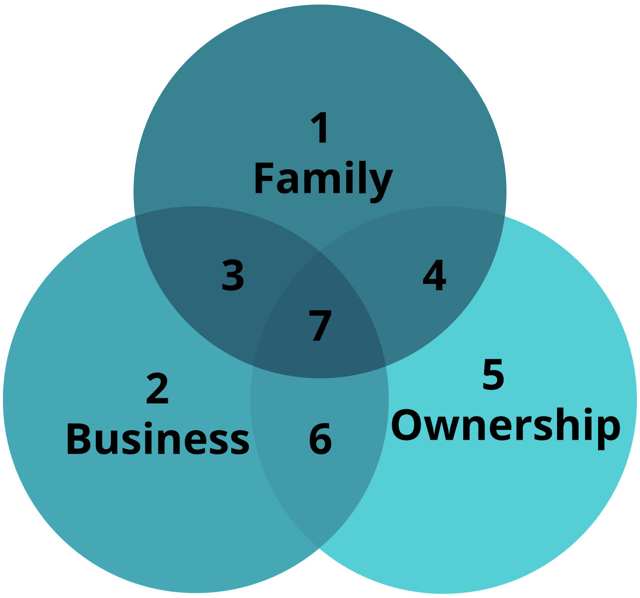
For these reasons, we recommend 3-5 years to plan for and implement family business succession. If your timeframe is shorter, don't worry, experienced advisors can fast-track the process and help you achieve your goal.

Readiness assessment tool:

The Family Business Australia readiness assessment tool at Appendix A is designed to allow you, as a family, to assess whether you are ready to commence your family business succession planning journey. We recommend that those family members involved in your family's succession discussion complete the readiness assessment tool individually and then come together as a family to discuss individual ratings.

Who?

Family owned businesses are made up of three separate elements – family, business and ownership (shown as circles) - that interact with and impact each other. Depending on where the family (and non-family) members sit within the different circles, each will bring different perspectives, challenges and emotions to the discussion of family business succession planning.



Legend

1. Family member
2. Non-family employee
3. Family member who works for the business but does not have ownership interest.
4. Family member who has ownership interest but who does not work for the business.
5. Investor/owner
6. Non-family employee with an ownership interest
7. Family member, owner and employee

(Source: Tagiuri, R and Davis, J, 1978)

An individual can sit in one, two or three of the circles at the same time. For example:

- A business founder will often sit in all three circles: they are a family member, an owner, and carry out a significant operational role in the business. (Number 7)
- A family member can be actively employed in the business but not be an owner of the business. (Number 3)
- A family member can be an owner but have no participation in the day-to-day operation of the business. (Number 4)
- There can also be non-family members who have an ownership interest in the family's business. (Number 5)

You may also want to engage people outside the family and the business. In our experience, businesses can benefit from guidance from advisors in areas such as:

- process facilitation: an independent facilitator to guide and coach the family through the discussions and the planning;
- law and accounting: to write shareholder agreements, undertake estate and tax planning, business structuring, governance, valuation and ownership transfer completion;
- business finance: to understand the nuances of your family and business finances;
- business advisory: to provide guidance on communication, family and business structures, governance, business strategy, roles, remuneration, and change management.

Other specialist advice may be required depending on the family's needs.

Case Study 1: Is family business succession right for us?

Michael and Francesca want to retire from the family business they started 23 years ago. They employ 40 full time and casual staff, so any decision will have both short and long-term impacts on many people.

Only some of their children are actively involved in the business operations, but all are shareholders. Michael and Francesca decided to seek external advice on what to do.

Their advisor, Janine, agreed that whatever is going to happen to the business, it will affect all family members. Michael and Francesca worked with Janine on how to best move forward.

- Firstly, Janine individually spoke to all the family members who would be impacted by Michael and Francesca's decision to retire. Each family member shared, in confidence, their views about the family, their own involvement in the business and their aspirations for the future.

- Janine summarised the key issues and concerns raised in the interviews into a report which was shared with all family members, being careful to protect confidentiality.

- After everyone had read the report, Janine facilitated a family conference including those family members who don't work in the business.

The gathering gave family members the opportunity to understand each other's perspective and then the family – as a group – worked towards agreement on how a succession plan should progress. The family are now two years into the succession of the business to the next generation.

How?

There are several factors that will influence how family business succession planning is undertaken, including:

- the number of family members who will be involved;
- the complexity of the business operations;
- the level of involvement required from current management and employees;
- the timeline for the transfer of management responsibilities;
- the timeline for the transfer of ownership of the business;
- if, how and when the current owners want to be paid for their equity;
- the legal structure that currently owns and operates the business (company, partnership, sole trader and/or a trust); and
- important external factors such as taxation, licenses, contracts and other legal considerations.

Family business succession starts with a conversation. When you start to think about family business succession, the key considerations for you will be the need to:

- **invest** time and attention to build effective family communication channels;
- **hold** individual conversations with all family members involved to identify common ground and differences of opinion among them in relation to future management, business direction and ownership. An independent advisor may be a useful facilitator of this process;
- **schedule** a series of meetings where the sole purpose is to discuss succession planning. Some meetings may just involve the family members who are directly involved, while others may include the broader family group to ensure they are kept informed; and
- **negotiate and determine** with the whole family, the preferred way of transferring management and ownership considering the proposed timeline and funding requirements of any change. There are options within this; a gradual transfer of ownership by gifting or sale, or a complete one-off transfer; total withdrawal from management by the current owners; or a progressive and staged devolution of power.

The accounting, legal and taxation implications of family business succession vary and there are very few family businesses who would have all the technical skills required to maximise the financial return and navigate the applicable laws. Specialist advice from experienced practitioners in tax, corporate and family law will not only protect all family members in terms of documentation and governance but value-add through consideration of the best legitimate options that may be available.

Other factors you need to consider:

- The individuals involved and the dynamics between family members will impact the planning process because the family informs the business, not the other way around. Remember that one size does not fit all when it comes to family business succession.

- The more family members involved in the business (either working in it or owning equity), the more complex the process can be because there will be greater diversity in views on how the business should be managed, who should own equity or shares and how it should be transitioned to the next generation.

- Family business succession can be a highly emotional process. If you think the dynamics in your family business may be challenging in planning a smooth succession, consider bringing in an independent advisor to help moderate the emotion in the process.

- Decisions about family, business management and ownership will be needed as the family navigates the succession process. It is highly unlikely the discussions and decisions around succession will be all "smooth sailing". Progress may stall as there can be challenges depending upon the nature of the issues and their sensitivity. Current owners and their successors can steer the process based on agreed principles, often referred to as a Family Charter (also known as a Family Constitution).

A Family Charter is the "rule book" for the family in relation to the business, and helps to clarify key issues such as under what circumstances family members can work in the business, how future leaders will be selected, professional development for the next generation, conflict resolution processes, and retirement policies. More information about Family Charters is provided in Appendix B.

Remember the goal is to successfully complete two processes, **management succession** and **ownership succession**, and at the same time allow the family, individually and collectively, to make informed decisions about their needs and the extent of their involvement in the on-going ownership and management of the family's business.

Note: When transitioning your family business, the existing legal structure of the entity may have different legal, accounting and taxation implications. We recommend that you seek early advice from specialists in these areas.

Case Study 2: An orderly transition process

Li and Mei Ling and their two children agreed that it was time to start thinking about how best to transition both the management and ownership of their business to the next generation. While the children had been involved in the business at an operational level, neither were currently in key leadership positions, and all agreed it was difficult to assess how they would perform in those roles. The family agreed to implement a succession plan over three years. This timeframe would allow the family to continue to focus on running the business while gradually building the skills and confidence of the next generation.

The first year focused on four things:

1. Gradually transitioning Li and Mei Ling out of their current roles and into the roles that they would maintain once the children took over; Executive chairman and Brand ambassador, respectively.
2. Preparing the children for their future roles of Chief Executive Officer (CEO) and Operations Manager. This was done through a combination of shadowing Li and Mei Ling and delegating some management decisions to the children to make themselves, with their parents acting as a sounding board.
3. Fortnightly conversations about how the business was performing and the children's plans for the future.
4. Transferring part-ownership, conditional on the children meeting agreed performance targets.

The second year focused on completing the management transition to the two children, establishing the appropriate governance structures, obtaining an independent and objective assessment of the siblings in their respective roles, and a further transfer of equity.

The family are now in the third year of their succession plan. The appropriate governance structures are in place and operating effectively. The next generation has taken on formal education to acquire further business skills. Their parents believe that the family's business is well positioned to capitalise on future opportunities and it is time to complete the transfer of ownership.

Management succession

While you can work on management and ownership succession at the same time, we recommend progressing management succession first because this:

- makes it easier to maintain control and make progress;
- makes the time commitment more manageable;
- gives the next generation the opportunity to become accustomed to the new roles they will occupy post succession;
- provides an opportunity to evaluate the performance of the next generation in their new roles;
- allows education and individual support such as mentoring to be put in place to further develop known strengths or address identified skill gaps in the succeeding generations;
- gives all family members a chance to reflect on how they want to be involved in the business going forward; and
- can make the transition easier for the current business owner(s) compared to giving up control of management and ownership at the same time.

Management succession is about identifying who is best to lead, not who may feel they are entitled to lead. There needs to be an agreed clear and open selection process.

A skills/experience matrix can be beneficial in the overall selection process as it assists in objectively establishing the knowledge, skills and experience of those family members interested in leading the business. It also assists in defining roles in the business for other family members. Equally important, current owners need to be comfortable with their role during and post management succession.

In our experience, the most successful approach is to allow the next generation to lead the development of succession strategies and the succession process in close consultation with the current management. This builds confidence and trust and allows the incoming team to demonstrate they have the skills, commitment and maturity to manage effectively the family's business.

Key questions to answer:

Remuneration

What will the next generation be paid by the business in their new roles? (Salary, performance incentives, profit-sharing, or a combination?)

Ongoing involvement of current business management?

What will the future roles be of the generation handing over the business? It helps to be clear on this point to avoid resentment or frustration among both new and former business managers. There are some roles that the current generation can usefully work in, for example customer or supplier liaison, advisor, mentor, etc.

Case Study 3: When the next generation isn't ready to lead

Ahmed and Nadira were ready to retire and leave their 60 hour working week in the restaurant behind them. Ahmed had some minor health problems, and his doctor had advised him to slow down.

Their sons Dalil and Ejaz had grown up in the restaurant, and spent their holidays helping out. Both young men loved the restaurant business and wanted to see it continue, but neither of them was skilled or knowledgeable enough to take over the management in the short term.

Another restauranteur, Raymond had met Ahmed and Nadira the week their restaurant opened. Last year Raymond closed his own restaurant, a few blocks away, after many successful years. His son had gone to school with Dalil and Ejaz and the families knew each other.

Ahmed approached Raymond to ask if he was interested in stepping in to run the restaurant for a while, so that once his sons finished university at the end of the year, they could start working in the restaurant full time and watch and learn from Raymond, going on to develop their own vision for the future of the business. After much discussion, Raymond agreed.

The family had a conversation and together agreed on what roles Dalil and Ejaz would fill and how they would work with Raymond to build their skill sets. Professional development plans were established for both sons, with Raymond identifying some short courses they should undertake on areas specific to the hospitality business.

Ahmed and Nadira have maintained their 100% shareholding of the business for now and this means that they do not need to pay Capital Gains Tax on the sale at this time, but all understand that their intention is to provide a 50/50 share split between their sons at a future date.

Ownership succession

While the overall succession process can be emotional, the transfer of ownership attracts its own particular emotional response. It is important to acknowledge that current owners' emotions may swing through a wide arc from loss of control, to guilt, to freedom and happiness.

Reaching consensus on ownership transition is essential. Starting with a target timeline to complete ownership succession provides guidance for all involved even if there is a high probability it will change.

The types of ownership succession issues that need to be resolved include timing, who can own shares, funding the transfer, and tax implications.

Key questions to answer:

- At what point will ownership transition start?
- Will transition be immediate or gradual over an agreed timeframe?
- At what point will the next generations have ownership control?
- Who can hold equity in the business? All family members, only family working in the business, non-family members and what types of equity can each hold?
- How will the ownership succession be funded? Will it be through a bank or other financial institution, or will the family fund the transfer themselves?
- What are the tax implications? (The ATO treats the transfer of ownership in the same way as the sale of any other business entity. Transfer of ownership in a family business has the potential to trigger Capital Gains Tax and other taxation liabilities.)
- What is the best ownership structure for the new owners taking into consideration the possible impact on future generations in areas like shareholding, tax and estate planning?

What are the other ways to transition or exit your business?

If you have read through the above information and feel like family business succession may not be right for your situation, here is a brief summary of other types of transition or exit strategies which may be more appropriate to your circumstances.

1. Selling your business:

There are several issues to consider when selling an established business. Once you have identified your reasons for selling, you can prepare for how potential buyers may respond. It may be good to emphasise the new opportunities or areas for growth for a new owner. Preparation for selling a business requires a lead time of at least two years to ensure the financial reports, inventory and business documentation such as registrations on the Personal Property Securities Register are presented accurately to ensure that valuation is appropriate.

2. Transferring your business to employees:

This option can start with establishing an employee share acquisition scheme, which may also be known as an employee share purchase plan or employee equity scheme. It is an arrangement whereby an employee or a related party is provided shares or other equity interests in a company in respect of their employment.

These arrangements can be an effective tool for you, as the employer, to:

- attract talented employees;
- retain and incentivise key staff;
- align the interests of employees and the business;
- provide flexible remuneration packages; and
- encourage increased productivity.

Employees who have a vested interest in the success of a business may be a real option for your exit. Commercially, there can be a natural tension or trade-off between "what's best" for each party and finding the "sweet spot". However, if the right balance is found, the employee share scheme can be beneficial to all parties – the employees, the business and ultimately the business owners.

Employee share schemes require time and effort (and professional costs) to plan and implement, and often the taxation treatment is a key determinant of the success or failure of the scheme.

3. Merging your business with another:

A merger is when two or more businesses agree that they want to combine as a single business. Mergers are often driven by the competitive landscape. One of the key objectives of a merger is that the combination of the businesses will gain a greater market share and achieve greater efficiencies.

Executing a merger is similar to selling the business. Two businesses will be combined into one - both entities may come together to create a new entity, or the stronger business will act as a buyer of the other business. Therefore, it is important that both businesses plan and prepare as if selling the business.

4. Orderly winding up:

For some business owners, the best option is to finalise all contracts, sell the assets of the business, pay off the debts and retain any surplus cash. This may be the case where the business is intimately connected to you and without your skills, there is no ongoing business to sell. It may also be an option if you want to get out of a business quickly and there is very little goodwill or equity.

Closing a business down in this way can only be contemplated when you are able to pay your debts.

Walking away from a business, leaving money owed to others can have serious legal consequences, is damaging to your reputation and to the suppliers you deal with, which could well include other family businesses.

5. Insolvency and Liquidation:

For some business owners, liquidating their business is the only exit option available to them, and often the decision to liquidate the business is forced on them by a supplier or other creditor.

Business owners who are on top of their financial situation and act early and quickly when they realise the business is in financial difficulty have a range of options available to them to help turn the business around into profitability.

Not knowing there is a problem, or not acting when you discover a financial problem can lead to liquidation being the only exit option available.

In short, a business is insolvent if it is unable to pay its debts as and when they become due and payable. If you operate your insolvent business as an individual, you may face bankruptcy. If your insolvent business is in a company structure, it involves some form of external administration.

The main form of external administration for insolvent companies is liquidation and involves a registered liquidator being appointed to finalise the business' affairs, sell off business assets or the business activity itself, and distribute any available funds to repay creditors. The liquidator will also investigate the company's affairs, including decisions taken by directors in the lead up to the insolvency.

WARNING!

In Australia, continuing to allow a company to trade when it can't pay its debts (insolvency) can have serious consequences for directors. There are penalties associated with insolvent trading, including fines and criminal charges.

Being bankrupted as a sole trader may affect your ability to earn income in the future; to be employed, to run another business and even travel overseas. It can also affect your ability to obtain future credit and other legal rights.

For more detailed information on exiting your business, see the 'Guide to exiting your business', by CPA Australia.

Summary

This Introductory Guide to succession planning is useful for family business owners who are considering how they might transition out of their business, either by transferring management and ownership to future generations, or if that is not a viable alternative, by exiting through some other means.

Family business succession can be a complex process because family members are involved in the discussions and decisions and each individual brings their unique viewpoint and opinion.

Through personal commitment, planning, open communication and application of proven practices, families will find the family business succession journey an enriching one. As a family you can successfully pass “the baton” and your legacy to the next generation.

Succession planning checklist

The succession planning checklist provided at Appendix C will assist you, your family and non-family members involved in the process to work through the key steps to help ensure that your family business succession process leads to the best possible outcome for both your family and your business.

Tell me more

Family Business Australia's (https://www.familybusiness.org.au) purpose is to help family businesses succeed. Family Business Australia provide access to specialist family, business and technical services and generate opportunities for families in business. The ASBFEO (https://www.asbfeo.gov.au) assists and advocates for small business and family enterprises and provides a range of information and links to useful resources.

Appendix A: Readiness assessment tool

What you need to consider	Yes	Partially	No
Do you want the business to stay in the family? If not, you may want to consider other options (see pages 14-16)			
Will the next generation be ready to lead the business by the time the current business leaders want to move on? If not fully ready, you might want to change your timeframe or consider bringing in an interim manager to both run the business and help upskill the next generation to eventually lead			
Is there an open and constructive dynamic between family members? Do you get on with and understand each other well? Even in families, people are different. Some family members are loud, some are reserved, others are risk averse, while others are risk takers, and so on. Your family's dynamics can support or constrain your family business succession..			
Do you have in place a communications plan and communication forums that bring the family together to discuss family and business issues? Apart from family dynamics, communication is the next most important aspect for succession success.			
Are you prepared to make the necessary time commitment, collectively and individually, to facilitate a smooth succession? Remember succession is a journey, not an event. It requires time to be invested at regular intervals. Are you prepared to make the required time commitment for the next 3 to 5 years or more? Do you have agreement on a realistic timeline?			
Do you have a Family Charter or similar document to guide family interaction? Is it current and will it support the family during the succession Process? A Family Charter is the "rule book" for the family in relation to the business. For more information on Family Charters, see Appendix C.			
Have you decided who within the family will guide the management succession and ownership succession processes? Having someone responsible for keeping the process on track and ensuring all stakeholders are appropriately involved will help ensure a successful outcome.			
Have you selected the family members to lead the business? Have you assessed level of readiness of those selected to lead? Remember, your aim is to identify who is best to lead (not who is entitled to lead), and plan their professional development to assist them in transitioning to their new role.			

Appendix A: Readiness assessment tool (continued)

What you need to consider	Yes	Partially	No
Are there agreed processes to manage differences and conflict? As much as families believe succession to the next generations will be smooth, experience suggests differences of opinion and conflict are real possibilities that, if not addressed correctly, will impact the family and the business.			
Has the current generation been clear about strategic direction for the business? Does the next generation have clarity around what is intended and are they supportive? Generational change will often herald a desire to change business direction and strategy.			
Are the roles for all family members clear and agreed? Have discussions taken place between all family members so there are no questions or confusion? This is particularly important for those family members who will transition out of the day to day running of the family's business.			

Once you have completed this readiness assessment tool, consider your answers and the reasons for them.

A 'No' answer identifies an area that needs attention. Start having formal family meetings where you begin to discuss the needs of each generation and the needs of the business. Avoid casual dining room table "chit chat". Begin keeping written notes of key agreements for future use as discussions progress.

Where you answered "Partially", initiate further work to address whatever remains unclear or unsettled. It can help to start by defining where the gaps are and how you will close them.

A 'Yes' answer indicates a strength. Invest time to determine if there is action required to further strengthen these items to effectively support your succession efforts.

For best results, do not start succession until you can answer "Yes" to every question.

Appendix B: Family Charters

A Family Charter (also known as a Family Constitution) is the “rulebook” for how all generations of the family will work together in relation to the family and the business. A carefully considered Family Charter developed with - and agreed to - by all family members is of great value in guiding the succession process.

In most cases, a Family Charter is a living document and not legally binding. The Charter guides family member involvement in the business, how the family will resolve any issues, and how the business is to be led, managed and governed. It reflects family and business values, and formalises the procedures, policies and relationships between family members and the business.

You should develop a Family Charter at an early stage in your succession planning and may wish to seek external assistance with this. All family members involved should then review the Charter and update it if required before commencing succession.

Typically, the Family Charter will contain a number of key elements, including:

- History, background, and overview of the family business
- Statement of family values, mission and objectives
- Family code of conduct
- Policies that cover areas such as:
  - Leadership and management structure of the business
  - Family job descriptions
  - Principles for remuneration of family members
  - Voting and share ownership, including arrangements if a shareholder wants to sell their shares and exit strategies
  - Minority shareholding
  - Communication
  - Asset protection and investment strategy
  - Agreements e.g. prenuptials
  - Family meetings and social gatherings
  - Family education and development
  - Conflicts of interest
  - Employment, entry and exit into the business, and requirements of family members before joining the family business
  - Leaves of absence/sabbaticals
  - Succession and Estate Planning
  - Family members becoming owners
  - Philanthropy
  - Governance
  - Succession
  - Conflict management
  - Guidelines for updating and reviewing the Family Charter

Appendix C: Succession planning checklist

Checklist	
The family has started the conversation about management and ownership succession.	
'Readiness Assessment' has been completed by individual family members and as a family, findings have been shared, discussed and next steps agreed.	
The family is committed to succession and has an agreed target completion date.	
The family has agreed on a communications plan and the channels through which communication will occur between all family members during succession.	
The family has decided on whether management and ownership succession will occur simultaneously or sequentially.	
The family has decided on the range of advice they require to support their succession plans and who will provide the advice.	
The family has revised their Family Charter or they are developing their first Family Charter.	
The family has reached consensus on who from the next generation will lead the business.	
The family has agreed roles for current and future generations pre, during and post succession and how performance in each role will be appraised.	
The family has agreed on additional education to close any skill and experience gaps in the next generations.	
The family has signed off on the business strategy during and post succession.	
Accountants have been contacted about structuring, business valuation, tax implications and shareholders' agreement.	
Lawyers have been contacted about estate planning, governance, tax, share transfer, change of ownership.	
The family has agreed how succession is to be funded and where required, financial institutions have been contacted.	
The family has informed key stakeholders (customers, suppliers, creditors) of the succession.	