



# Succession plan sketchbook

## About You

Name:

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Company Name:

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Your Role:

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Date completed:

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## High-level Questions

1. Describe what your business means to you

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2. What is your gut feeling in terms of succession – internal or external?

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3. What would have to be true for your succession plan to be a success?

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4. What do you plan to do once you've exited your business?

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5. If there were no limitations or consequences, what would your perfect average day look like?

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## Personal Values

As you start thinking about your career and what you want to do throughout the succession transition, it's a good idea to take a step back and think about who you are and what role would be best for you. Let's start with values.

6. Review the list of values below and rank in order of preference by adding a number between 1 and 8 (1 being most important and 8 least).

Value	Description	Your Ranking
Aesthetic	A desire to value beauty, make things attractive, and feel free to be artistic; a desire for harmony with people, places and events; sensitivity to and perception of the nuances that contribute to creativity. May lack a sense of urgency for getting things done.	
Humanitarian	A need to find opportunities to give time, talent, and money, sometimes placing others' needs above one's own. A wish to be helpful and without guarantee of personal gain. May be take advantage of because of trouble saying "no".	
Individualistic	A need for personal freedom and self-determination; self-reliance, self-confidence, and a willingness to take risks. May ruffle feathers and alienate even friends.	
Materialistic	A desire to work hard, keep score by acquiring money and possessions, and have a return on one's investment. May become workaholic in pursuit of wealth.	
Power-Seeking	A wish for control, recognition, and ego satisfaction more than financial gain; hard working and willing to be accountable. May have a fragile ego or seem impatient to get ahead.	
Ritualistic	A need for structure, rules, and a 'niche' in which to feel secure; usually exemplified by high ethical standards and working in an organised way. May become rigid and unapproachable.	
Spiritual	A belief in a higher power and using faith to transcend reason; striving for unity with people, desiring to be of service to others and see the good in everyone. May only see the good in others.	
Theoretical	An insatiable desire for knowledge and understanding how things work; a desire for intellectual challenges and a propensity for incisive decision making. May move slowly and be a bit unrealistic.	



## Personality Profile

In order to understand how we interact with each other, we need to understand ourselves first. There are a wide variety of personality tests available online and from specialist consulting firms, but the majority of them are variations on Carl Jung's work on the four basic personality types listed below. Please read through and identify which one you feel is closest to your own personality.

Thinker	Feeler
<ul style="list-style-type: none"> <li>• Tackles problems with logic.</li> <li>• Strong on analysis but can be weak on implementation.</li> <li>• Has a methodical approach to work but is more concerned with theory than action.</li> <li>• Sceptical of others' ideas unless backed by logical argument and/or physical evidence.</li> <li>• Good with facts, research, analysis, accounting and finance.</li> </ul>	<ul style="list-style-type: none"> <li>• Likes people.</li> <li>• Is warm and sympathetic.</li> <li>• Will overlook evidence, in favour of gut feel.</li> <li>• Sensitive to other people's moods.</li> <li>• Good at holding the team together, counselling, arbitrating and public relations.</li> </ul>
Sensor	Intuitior
<ul style="list-style-type: none"> <li>• Good at getting things done and happy to do routine work.</li> <li>• Impatient with theory and planning.</li> <li>• Hard working and organised.</li> <li>• Energetic and can be single-minded.</li> <li>• Finishes one job before starting another.</li> <li>• Sensitive to task interference.</li> <li>• Stressed by changing priorities.</li> <li>• Good at initiating projects, setting up deals, negotiating troubleshooting and generally converting ideas into action.</li> </ul>	<ul style="list-style-type: none"> <li>• Enjoys playing with ideas.</li> <li>• Good at seeing the big picture.</li> <li>• Highly creative.</li> <li>• Strong imagination.</li> <li>• Gets hunches that often tend to be accurate.</li> <li>• Good at long-term strategic planning, creative writing, lateral thinking and creative problem solving.</li> </ul>

7. On balance and based on my behaviour, I think my dominant personality type is closest to \_\_\_\_\_

## Personality Profile continued

In terms of business owners, there are three mindsets that we all adopt from time to time: the Entrepreneur, the Technician and the Manager. The Entrepreneur is the visionary, the Technician does the actual work, and the Manager looks after operations. These mindsets were defined by Michael Gerner in his book 'The E-Myth' and Tony Robbins often refers to them as "the gifts of labour". Regardless of origin, what's important about these mindsets is that a business demands a certain leadership approach at a specific stage in the business' development. It typically looks like this:

Growth Stage	Leadership Approach	Reason for Leadership Approach?	Succession Challenge
Pre-start-up	Entrepreneur	The approach and energy needed to create something from nothing.	None – no value yet.
Start-up (first year)	Entrepreneur & Technician	Still creating but increasingly work needs to get done.	None – limited value.
Grow-up (to founders' capacity)	Technician & Manager	Working and managing a team within the founders' span of control.	Yes – can be in this stage for years and founder creates concentration of risk.
Level-up (beyond founders' capacity)	Manager & Technician	Hiring and managing senior managers and getting work done.	Yes – can be in this stage for years and value likely to be higher than Grow-up.
Scale-up (exponential growth)	Manager & Entrepreneur	Managing managers and focusing on the economics of scale.	Likely to have been addressed if in this growth stage.
Re-up (to enterprise)	Entrepreneur	Selling the business to all stakeholders in a figurehead capacity.	Succession plan being executed at this stage.

8. Which of these mindsets do you find comes naturally to you and which is the most challenging?

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9. Which combination of these mindsets is required to lead the way through your succession plan?

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## The 5 Cs Matrix

The 5Cs is a succession planning framework developed by Rob Stevenson of Kingmakers. The Five Cs are Capital, Career, Compensation, Compass and Control and they represent the most impactful elements in succession planning. They are a mix of quantitative and qualitative issues, inform the assumptions that feed into the cashflow model and frequently underpin the viability of the various options. They all need consideration and prioritisation, as no one gets everything they need or want.

### Capital

10. What amount of capital do you need to realise, net of taxes, from the sale of the business, by what date and what goal does this help you hit?

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11. Is your number based on a calculation to meet a specific goal (like financial Independence) or is it what you feel you want?

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12. Can you be flexible about the amount and/or timeline?

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13. What do you plan to do once you've exited your business?

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## Career

14. What role do you want in the business between now and your exit date?

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15. Is this role different from what you do now?

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16. Is it what you feel you are best suited to?

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17. Is it what the business needs you to do to add the most value?

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18. If part of your plan is to hand over clients, do you have one or more individuals in your firm that are ready, willing and able to take them on and are you ready to pass them over?

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## Compensation

19. How much do you need to earn from the business annually, net of taxes, between now and your exit date to have your desired lifestyle and meet any investment goals?

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20. Is the above number based on a calculation or is it what you feel you are worth?

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21. Does your compensation requirement align with the role you wish to perform?

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22. Is there any relationship between your current compensation package and the work you do with clients (i.e. fee share)?

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23. How would you like to be paid (i.e. PAYE, dividends, pension contributions etc.)?

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## Compass

24. Given your answers in the previous sections, what direction does the business need to go in over the short, medium and long term, for you to achieve your goals?

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25. What size and shape does the business need to be in - and at what date - for your succession goals to be achieved?

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26. If growth is required to satisfy your succession plan, do you know where it will come from and who has the energy to drive it?

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27. Are there any other directional considerations to take into account (i.e. macro-economic, market specific, regulation, technology etc)?

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28. Do you think your requirements are fair in the context of the business' broader needs?

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## Control

29. Given your plans, the team and other resources you have, how much control do you need to retain and how much autonomy can you give others?

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30. Are you ready, willing and able to allow others to make decisions in your business?

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31. If you are not ready to share decision-making, what would have to be true for this to be possible?

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32. Are you willing to share information about your business?

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33. What risks do you think may be associated with sharing decision-making?

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## Additional Questions for Internal Succession

34. Is there an individual (or a small team) in your business that might be interested in buying it from you and could they have the capital by your desired date?

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35. If no, do you think they will have the risk capacity to potentially provide a personal guarantee to a lender when raising debt to fund an MBO?

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36. Do you think there is an individual (or a small team) that might be able to manage your clients in the future and is there a credible plan in place to develop the necessary mindset, knowledge, skills, experience and responsibility to make this a reality?

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37. Are your advisers paid a share of the revenue they generate?

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38. Do you have an individual (or a small team) who are ready, willing and able to assume accountability for certain decisions?

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## Additional Questions for External Succession

39. Do you think you will need to sell to the highest bidder to meet your capital objectives?

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40. What are the most important characteristics that you would be looking for in a buyer that represented the best possible fit with your firm?

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41. Are you planning to retire when the sale completes or will you work as an adviser in the buyer's business and if so, for how long?

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42. If you do plan to work as an adviser, do you need to be paid a salary, benefits and a bonus for this work?

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43. Are there any planned changes to the direction, proposition or operations of your business and how do you think they might impact the business value, the overall attractiveness of the business to a buyer or the range of possible buyers that might be interested?

## Additional Questions for Partial Sale of Shares

44. Are you willing to sell some shares now for today's price (as defined by the buyer) and work to grow the value of the remaining shares, hopefully to a higher price over time?

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45. Are you willing to take the risk of passing some elements of control of the business to the investor?

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46. Are you prepared to prioritise the growth of the business, within the context of the rest of your commitments?

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47. How do you feel about the risk of leaving your business and receiving the value of your shares minus a discount?

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48. Will you be able to adjust to any change of direction, strategy or plans from within the investors business?

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# Assessing the pros & cons of your succession plan

## Statement of rationale

“I plan to sell the business to a third party/the team/a specific individual (delete as appropriate), on \_\_\_\_\_ (date), for a total of £\_\_\_\_\_, with £\_\_\_\_\_ upfront in cash and the balance over \_\_\_\_\_ years. I need to earn a minimum of \_\_\_\_\_ per annum between now and then. They will buy the business from me because \_\_\_\_\_”

Now list the pros and cons of your succession plan for you and then try to list them for your ideal buyer. You may wish to adjust your statement of rationale as you do this.

Seller	Pros	Cons
Buyer	Pros	Cons

## Succession Plan Summary

Purpose & Mission						
Values & Principles						
Vision						
Strategy - 5Cs						
Plans & Goals	Short		Medium		Long	
Leadership						
Marketing						
Organisation						
Operations						
Finance						
Key Tactics						

## Notes and action items

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

An aerial photograph of a tropical coastline. The top half of the image shows a dense, dark green forest. Below the forest is a narrow strip of light-colored sand beach. The bottom half of the image shows the ocean with clear, turquoise water and white foam from waves breaking near the shore. The overall tone is serene and natural.

“A man who views the world  
the same at fifty as he did at  
twenty, has wasted thirty  
years of his life.”

- Muhammad Ali