

Good morning, everybody Dennis Engelbrecht with The Family Business Institute, and the CEO Roundtable Program for Contractors. Thanks for tuning in to Digging Deeper.

Today, I want to talk about succession. And the reason I'm bringing this up is we've gone through a couple of pretty interesting years, pretty tough years. And as I look around at many of our clients, many of our clients sort of postponed, or put off, or delayed succession discussions and succession planning.

And my point today is now is the time to get back at it. In a lot of cases, the coast is clear, we've figured out what our equity situation's going to be with PPP loans, and employee retention credits, and certainly all of the good and bad that may have happened with your business over this last two years. So, there should be a much more clear windshield to look forward to as you go around planning succession.

So, several points here I want you to remember, all the best studies and knowledge around succession say it usually takes 10 full years to implement a great succession plan. And those that start that early tend to have better success as a company, better success with the succession plan. And why does it take 10 full years? Well, a lot of times, of course, if there's a financial payout, it can take certainly five to seven, and as many as 10 years just to accomplish that, particularly if you go on a couple of stages, maybe sell some stock today, and then sell some more stock later.

So that, in and of itself, takes a lot of time. And then the development of the right people, the right successor leader, making sure they're ready, trained, all of that. That's important. And then things change. So, you go down the road, and things change, certainly with the pandemic these last couple of years, a lot of our thinking may have changed. We may be more interested in retirement. We may be less interested in retirement.

I know for me, I spent a lot more time with my grandchildren than I ever would have been. And that became a more important part of life and sort of motivated me toward the retirement side, versus the continuing to work side. The simple point is that things change. And among the things that change, I recently had somebody who was going through a divorce and that delayed succession, had some folks who had a failed successor leader. So sometimes it takes two tries. That's another reason to be planning over about 10 years. You hate to get to the end of the game and find out, oops, this one didn't work. And now I'm retired, and I don't really want to work. So that's not the place to be. So, you want to start early, allow that 10 years, and also have a plan B, in case plan A doesn't work. Not all plans work. So very important to take that extra time.

So, as you think about succession, think about succession as crafting your legacy, because a lot of times that's really what it is. What you're trying to do ultimately, is get a great team with a great plan to carry on the great work of the company, and hopefully to even more success than you've achieved. And so when you craft your legacy, you're really crafting that great team, and putting together that great plan so it'll work, so they can complete the financial aspects of it, and not be behind the eight ball in that way. So that the team that's supporting your next leaders, is strong enough for them to be successful. Remember the people that you're putting into leadership behind you are probably the ones that help support you. Well, they need that support as well. So, you can't neglect that.

And then the final thing to help you on the road as succession is, start thinking about your next chapter. And again, don't wait until, when you're in the last year to last couple years before supposed retirement. Start thinking about it now. Yes, now, 15 years beforehand, 10 years beforehand, five years beforehand. And how do you start that? How do you start thinking about the next chapter? Well, I'd encourage everybody to just make a list, close your door for 30 minutes and make a list. What will you do with your future? What will you do to keep you motivated, to keep you busy, to keep you satisfied?

I mean, there's a lot of possibilities out there, travel. I mentioned grandkids. It's so interesting that once those grandkids come along, how different your thinking can be. There's various sports and activity, fishing, hunting, golf, tennis, all those

sort of lifetime sports and activities, a vacation home. And you might start spending more time at your vacation home, might even relocate. I'm seeing more and more people relocating to be near where their adult children have moved, who also have the grandchildren, by the way, in a lot of those cases. I know my own brother moved from Tucson to Portland. So, we're seeing a lot of that. That's something to think about.

I've seen some people recently partner with their sons or daughters in some business ventures and things like that. And that's given them sort of a new lease on life, things they wanted to do outside of their current business. Seen some people renew some old friendships and end up doing some travel and doing some things with those old friendships. And then, becoming an expert at something, wine making, beer brewing, whatever it is, but certainly, being a lifelong learner. Start reading more, taking classes. My wife has really gotten into oils, doing artwork. Write a book, do poetry. There's just so many options out there.

But what I encourage you to do is look at succession now. Start early, allow 10 years, make a list, and start thinking about what that future looks like. And, oh, by the way, don't just make the list, start trying some things out, see how they feel, see how you like some of them may not make it. And some of them may. I started my bucket list, I think my wife and I created our first bucket lists maybe 10 years ago. The interesting thing is we've checked off almost everything on that bucket list. But we've recreated a whole new bucket list. So, it's a never-ending thing. And so, wishing you a great future. Look at succession. Do it now. Dennis Engelbrecht. Digging Deeper.