

Indian Family Businesses

Give Succession More Than Your Thought:

A Well Planned And Methodically Created Succession Plan Serves Decades Of Happiness, Growth And Love In The Family

Date: 12 April 2022, Category: Insights on Family Business, By SOCH Business Mentors LLP



Planning of succession writes a prophecy about the family's fortunes and business.

Planning for succession isn't about a successor at all.

Planning for succession is about the success definition first & foremost that the family believes they deserve and want to create for the coming generations. It is about the identity of the family they want to strengthen, capitalise, and build brand equity for bagging huge unparalleled advantages for decades.

It is about this definition of success and significance with intense vivid imagination that the family first commits to creating together that would enable all involved to feel they are on the same page of the clearer future they all see themselves being part of.

This inspires two critical things in all family members:

(a) A shred of importance among all for the expected future with vivid details and,

(b) A shared point of view

The above two outcomes, (a) & (b), deliver a critical long term relatively happy and no conflict (or productive conflict) way forward.



All members **think** and **align** for – **What would objectively get the entire family to that success and significance?** This objectivity delivers an unmatched strength to deal with emotions in the right spirits. This helps members figure out the gory details of planning succession and the required commitment for execution with ease, clarity, and confidence.

Many UHNI super-rich families, especially in the Indian subcontinent, find succession planning as a laid-back activity. **Everyone feels more than butterflies in the family, but who could raise questions about the heir?** This underpinned psychology and emotions create mild to dangerously untoward future states for the family.

Sometimes we come across comments that make us not take away the thought that we are still living in the post-colonial era. The only central definition of success was getting a lifetime of freedom from the worry of bread, house, and clothing.

Sadly, in many families, the sublime psyche and operational beliefs still drive the prevailing thought that grows until we have more than enough for this lifetime or next. **Then silently, they find comfort and say to themselves, why bother?**

And then they start operating out of play safe mode of thinking and no longer play to win or play to play or let's serve the world at large with what they have to offer in the genesis of what they believe and so forth.

What might be helpful is if you begin drawing a preliminary thought template that would help plan succession.

When you ask in your family meeting, some of the precursor questions that might hold water in compelling ways for planning succession as a bedrock for the entire community in the family business is operating and not alone the family itself.

The broader the perspective, the more responsible the act and the accountability with sharp pre-emptive planning ahead of the time.

The below-enlisted question and some practical actions that can help you in designing the thought template before engaging in formal constitutional-led planning for succession:

1. Encourage leaders, stewards, next-gen leaders, and members of the family assembly to participate in a defining voice for how everyone wishes to paint the future for the family? What would it mean to their future as well?

- Keep all voices painted on a picture as a bond creating exercise, and spend quality time to begin painting one big, shared future picture. Usually, a facilitator is recommended, but you can take it as light exercise with taking help of one of the switched-on right-brainers in your family!
- Notice yourselves and what drives you and others during this capturing of defining success and meaning for your family institution for whatever horizon you feel comfortable – generation is recommended.
- Should you have the constitution of the family or similar tool that is silent singular authority for significant decision making and guidance, then bring forth the relevant verses and chapters from the same and discuss various aspects of the same to help you gain a more transparent and more precise feel of the future picture

2. For accomplishing the picture above, first, engage in a solid debate about why you must continue as a family-owned business as the most appropriate form to accomplish the future you all envisioned?

Aren't there other formats such as family-owned but professionally run company, family governed but not run or owned company in the majority, and many more to see if there be a relatively superior fit to the results you want?

3. What does the enterprise and family's total liability in terms of taxation, debts, corporate bonds, or anything informal or formal that creates a great picture of liabilities and income statements?

- 4. How would you do a complete business readiness analysis for succession, and when would be the right time to implement a succession plan and make the transition?**
- 5. What would be the affinity and acceptance criteria from all non-family stakeholders to accept the new leadership? And what criteria would those be?**
- 6. Before designing various communication plans, what would you consider, and how would each be best executed?**
- 7. (many more..)**

The above questions are by no means exhaustive or even fits all size and shape of family businesses. It is a very general precursor for thinking in this direction, and there is a lot more rigour and multiple dimensions, of course, required to create a whole mental and methodical frame to execute.

The key is don't answer or go behind who should be at the helm; instead, figure out the most objective, inclusive, and family constitution way to plan for succession.

I hope this adds some food for thought for you to begin an internal conversation in a reasonably structured way.

- End of article -