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Not What, But Who Is Next For Your Small Business

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As an entrepreneur, you're focused on getting your business off the ground. After launch, you focus on keeping it growing. And when you really hit your stride you, focus on scaling to meet growing demands for your goods and services. The common denominator to all that starting, growing, and scaling is YOU. But what happens when you're gone?

For small businesses, the personal, intimate scale is part of the appeal: you can make your own decisions and act on them. But small business leaders shoulder an inordinate amount of responsibility for the success of their ventures; that's true even as organizations grow and the number of shoulders to share the load multiplies. Large enterprises usually can weather the loss of a leader -- as undeniably vital as he is, if Steve Jobs vanished tomorrow, Apple won't vanish with him (though the stock would like take a hit and changes would result). For an example, look to [Frank Wells, the Disney president killed in a helicopter accident in the spring of 1994](#). Though the company suffered without Wells, Disney's still around and inarguably viable ([the Steve Jobs connection doesn't hurt](#)).

So how do you prepare for the loss of a leader (even if the leader is you)? Corporations call it succession planning. Individuals call them wills. And in both cases, it's oft ignored. According to a recent survey from the Center for Board Leadership, approximately [50 percent of public and private corporate boards have CEO succession plans in place](#); piling on, 16 percent of directors believe their board is effective at CEO succession planning according to the National Association of Corporate Directors. Individuals do only slightly better; approximately [55 percent of adult Americans have a will](#) according to a Harris Interactive survey conducted for Martindale-Hubbell/lawyers.com and that percentage has changed in three years.

So planning for the inevitable isn't a popular priority, but how does this affect small businesses? According to the Small Business Administration, 40 percent of "closely-held" businesses will transfer ownership within the next five to ten years and more than 60 percent of those transfers will be internal -- to an employee or family member. Furthermore, at any given time 40 percent of U.S. businesses confront a transfer of ownership. Statistically, succession planning is an issue that more small businesses will confront than not.

So what to do? As with addiction, the first and most important step is admitting the problem. Once you acknowledge the need, then you can move on to making plans. Fortunately, there's no shortage of resources to help you along the way, including:

--The [SBA's "Getting Out" Small Business Planner](#)

--[SCORE's guide to developing a succession plan](#)

--AllBusiness' [How to Create a Succession Plan](#) (complete with video)

--[Exit Planning EDU](#), an education site offered by O'Hara & Company, a financial planning firm specializing in succession planning

