

Successful Ownership Transition

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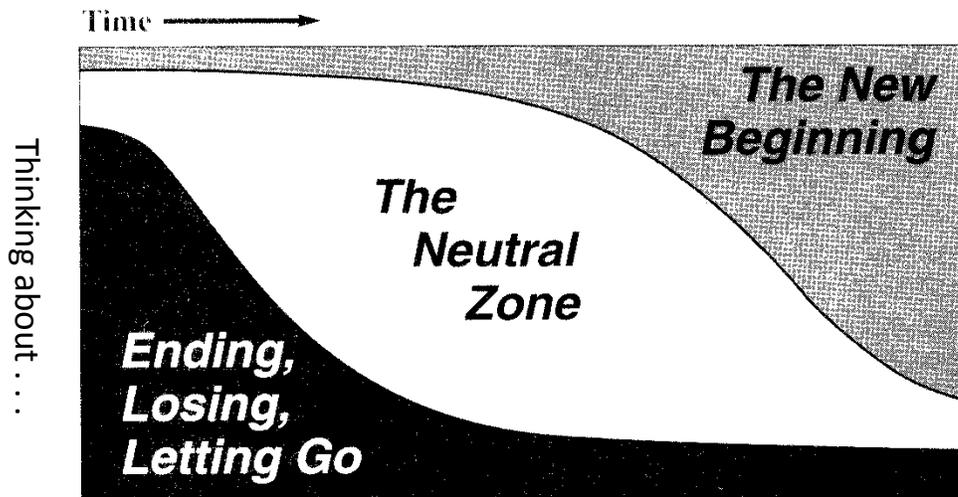
Wagner Consulting Group helps business leaders prepare for ownership succession,
develop employee management skills,
and solve strategic problems.

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“It isn’t the changes that do you in, it’s the transitions.” William Bridges

Change is situational. *Transition* is psychological.

Transition starts with an ending and finishes with a beginning. Until people have let go of their “old world” they cannot fully plug into a new world.



Understand, expect, and cope with the Neutral zone. Don’t exit it prematurely because this phase can be a creative time when new ideas arise. Behaviors are re-patterned.

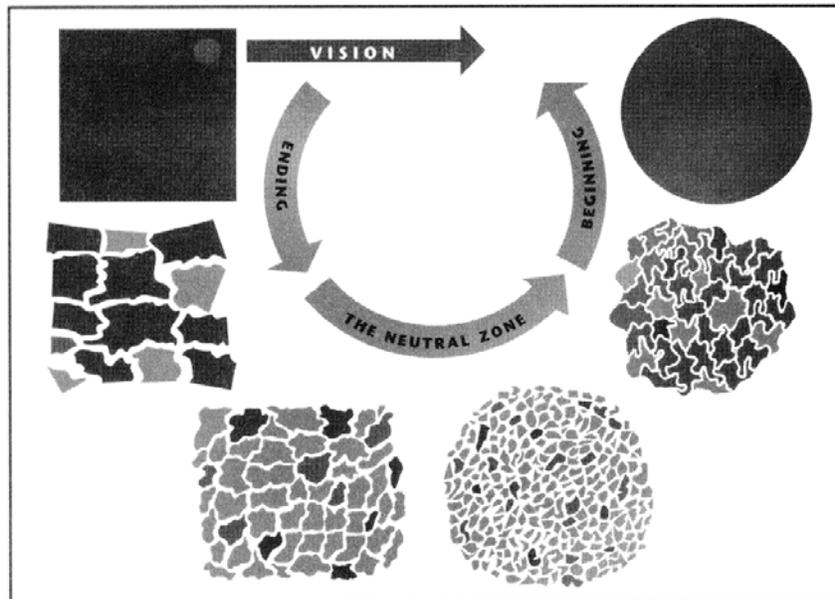
Change + human beings = Transition

Deal directly with losses and endings.

1. Identify who's losing what
2. Define what's over and what isn't
3. Show how endings ensure the continuity of what really matters

Lead people through the neutral zone

- Use the time creatively
- Strengthen communications



New Beginnings

- New understandings, new values, new attitudes, and **new identities**
 - Beginnings cannot be scheduled; they follow the timing of the mind and heart
 - The most common reason new beginnings abort is that they are not preceded by well-managed endings and neutral zones
- ✓ Leaders must constantly explain, model behavior, and reward people



Seven Steps to Successful Succession

1. Rank your important goals

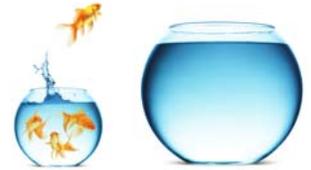
- “I’d like more time to . . .”
- Legacy issues, responsibility to stakeholders, money & liquidity, etc.



2. Define your financial finish line (How much is enough?)

3. Establish a value for the company

- Four factors drive value
 - Revenue (more revenue yields larger EBITDA multiples)
 - Profit
 - Stability
 - Growth potential
- However you determine value, in the end it must “feel fair”



4. Set your transition time frame

- This will be several years, and the retiring owner’s role changes throughout
- Purchase payout period may be longer than the owner’s active involvement

5. Envision a desirable “Second Half” – what you will do after withdrawal

- Classic retirement
- A second career



6. Develop and document the plan

- Operating projections and purchase payment schedules
- Changes in the business entity, markets, services, etc.
- Evolving roles and responsibilities of key employees/leaders
- Organization charts, consistent with revenue, at key milestone dates

7. Execute!

- Sign the stock purchase agreement and related documents
- Begin leadership mentoring and management training for key employees
- Review progress at least annually and make changes as required

How Wagner Consulting Group can help . . .



1. **Align the leader's time pie** to reflect a focus on the most important priorities
(And realign as necessary over the transition period)
2. **Clarify and communicate strategic goals** throughout the organization
 - Ensure the *Most Important Thing* is clearly articulated, and
 - Relentlessly communicate Top goals
3. **Increase employee performance** with training, development, and coaching programs

More information at
WagnerCG.com

WAGNER CONSULTING GROUP

Celebrating 20 Years

My Second Half Time Change! Focus Legacy define priorities: → create a plan that works for you

Wagner Consulting Group develops employee management skills, solves strategic problems, and helps business leaders prepare their company and its future leaders for ownership succession.

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