

As small business owners look to the future of their business, engaging in succession planning will help them take the next steps to ensure continuity of their enterprise. While many business owners are confident about the outlook of their business, external factors, such as economic conditions, can influence an entrepreneur's decision to sell or re-evaluate their business sooner than planned.

A survey from Guidant reports that the Boomers generation, those between the ages of 60-78, make up [37% of small business owners](#). In the U.S. [4.1 million Americans](#) are approaching retirement age in 2024. Unprepared small business owners reaching retirement age will soon need to identify an exit strategy to ensure a smooth transition. Additionally, during the Great Resignation, more than [50 million workers](#) quit their jobs, many opting to pursue entrepreneurship. Before owners are forced to make the decision to sell their business or move on to retirement, planning in advance provides the foundation for a well-thought-out strategic decision.

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Understanding Succession Planning

Succession planning is the process of recognizing important positions in a business and preparing others for assuming those positions in the future. This helps ensure business continuity where employees or others can readily step into leadership roles, pursue [employee ownership](#) or otherwise transition the business as owners retire or exit the business to pursue other ventures.

The [U.S. Chamber of Commerce Small Business Data Center](#) indicates that wholesale/retail trade and business services are among the leading industries for small businesses. Succession planning is crucial no matter the [industry](#) and can serve as a strategic growth tool. Setting a plan in place before the need arises, gives business owners the opportunity to

establish a roadmap for their business that coincides with personal and business aspirations.

- The Small Business Owner's Guide to Succession Planning - [Score](#)
- Succession Planning - [ADP](#)
- Succession Planning: A Guide for Employers - [Indeed](#)

Benefits of Succession Planning

There are numerous benefits to creating a succession plan. Small businesses undergo many [challenges](#) within the first years of assuming operation. While organizations may be aware of all the changes they may face, such as the loss of an executive member or the departure of an owner, many still don't have a well-crafted transition plan.

With a succession plan, among the most important, is that organizations can be assured that they will be prepared to respond to change in circumstances to allow for business continuity.

- Benefits of Succession Planning for Your Business and How to Start - [American Flower Endowment](#)

- Smarter Leadership: Advantages and best practices for succession planning - [BAI](#)

Strategies

Understanding best practices for succession planning can help small businesses create a strong plan that prepares them for the future. A good strategy will recognize potential needs, roles, and outcomes that reflect business strategy.

A great place to start is to establish goals in regard to creating a plan.

Identify potential changes your business could face in the next 1-5 years. Businesses should consider retirement, changes in the economy, [finances](#), and other personal factors that could present a challenge to their business.

Consider important positions that may be needed in the future to support longevity. Take into consideration the additional support positions that may be needed to help your business during its transition.

List company knowledge that is essential to running the business. Identify skills, additional roles, and key information about day-to-day operations that are needed to continue your business.

Here are some strategies that will help small businesses with succession planning.

- A Beginner's Guide to Business Succession Planning for Small- and Mid-Size Business Owners – [ADP](#)
- Succession Planning Toolkit – [University of Washington](#)
- Succession Planning Guide & Tools – [AICPA](#) (specific to private CPA practice)
- 20 Strategies for Navigating Effective Succession Planning – [Forbes](#)
- Strategies For Succession Planning – [Indeed](#)

Developing Future Talent

Many small businesses are operated by only a handful of people, with half of all small businesses having just [1 to 4 employees](#). Owners often function in many roles like [HR](#) or [accounting](#), since they know the most about the ins and outs of the business. This creates a pitfall for small businesses when there is no one to inherit the owner's expertise and carry on the business. Imparting mission critical knowledge to the next generation of leaders is critical to ensure the longevity of any organization.

- Ways to Develop Internal Talent - [Forbes](#)
- How to Develop Talent in the Workplace - [Small Business Chron](#)
- 6 Recruitment Strategies to Help Your Business Stand Out - [U.S. Chamber of Commerce](#)

Selling Your Business

Succession planning is important for all small businesses no matter what stage they are in. There are many options for exiting your business. Owners can consider selling through [employee stock ownership plans](#), transfer of ownership to family, selling the business on the market, or discontinuing operations entirely. For [entrepreneurs](#) who decide to sell their business rather than transfer ownership, it is vital to examine the implications that come with selling a business.

As an owner, deciding which option to pursue is a big decision to make. While there is no exact science for the best time to sell a business, considering it in advance will give owners the opportunity to choose the most favorable time to sell and at the best price.

The following are some considerations for selling a business:

- When, Why and How to Sell Your Small Business - [Score](#)
- 10 Key Considerations to Make When Selling a Business - [Business](#)
- How To Sell Your Business and Make a Successful Exit - [HubSpot](#)

Additional Small Business Resources

Already in business or thinking about starting your own small business? Check out our [small business resources](#):

- View more small business help topics here: [Small Business Information Center](#)
- View our business reports here: [Small Business Snapshots](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)
- View our small business cybersecurity resources here: [Cybersecurity](#)
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