



The information and status quo stage deals with the assessment of opportunities and risks of a business succession.

In the analysis and strategy stage, the current situation of the company and all those involved are examined.

In the concept and business plan stage, measures are developed to ensure the success of the business succession.

In the stage of implementation and transfer, steps are conducted that have been planned during the previous stages, and the succession is secured.

After the succession, the new phase of life has to be shaped successfully by all those involved.

About the succession map

The succession map helps everyone who is engaged with business succession. It is structured into five stages with different stations. The succession process and its steps for the transferor and the successor are illustrated by lines with different colours. In addition, the succession map provides information at which stations it is recommended to seek advice or to have an emergency plan. The reverse side of the map explains the individual stations and provides further tips and suggestions for you.

1 Predecessor

The stations on the red line are essential for everyone who strives to hand over a company in the following years or who wants to know the current station in the succession process.

3 Company-internal succession

Those successors who want to take over the company in which they work can use the blue line of the map as a guide. It provides specific information about the tasks that should be managed during the company-internal transfer process.

C Consulting

This sign indicates the stations where complex issues are to be dealt with, and expert advice is recommended.

2 Family-internal succession

The orange line illustrates the stations to pass in order to take over a business as a family member. This line further displays the numerous connecting points with the transferring generation that should be discussed together.

4 External succession

The green line sheds light on the necessary steps for an external succession. This line is primarily dedicated to those who want to run their own business without starting up from scratch.

E Emergency plan

This sign indicates when an emergency plan must be in place so that the company remains capable of operating in the event of losing key personnel.

All information at a glance

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- www.nachfolg-o-mat.org
- www.nachfolgewiki.de
- www.kmurechner.de
- www.nachfolgelabor.de
- www.markencloud.org

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1



Predecessor

The first requirement for a successful handover is your **willingness** to deal with the succession topic and to define your individual goals. It is also vital that the company is **capable of being transferred**, which means that it can successfully compete in the market with another chief executive. Do you actually have a written emergency plan in case something happens to you before the handover?

The next step is to carry out a **company valuation**. This is where the KMUrechner and targeted expert advice can help you.

Together with your successor, you should then **determine the transfer date**. Remember that the entire succession process usually takes between two and five years. Now you should estimate how high your personal **financial needs** will be for living without the business.

At the next station, consider what **form of transfer** is possible for you. Should only the management be transferred first or also the ownership? There are several **legal and tax aspects** to consider, for which professional support is recommended. It is also important to plan the individual succession steps in detail and to prepare for future management introduction.

How do you want to **communicate the succession** to your employees and business partners? Are you planning a party, a handover of keys or a joint visit to specific customers and suppliers?

As soon as the transfer of ownership is complete, you should know how you will spend your **time after transition** and what your future **role within the company** will be, for example, as an advisor. How is your **health care**, and what sporting activities are you planning to keep you healthy? You now have more time for these aspects. Once you have worked through all the stations, you can pursue your **new activities** with a lot of commitment.

2



Family-internal succession

The key factor for a family-internal succession is not the expectation of your family but your **willingness to take over** and your **motivation** to become self-employed. You should openly discuss your **goals** with your family because they are the basis for further succession planning. Are your **qualifications** sufficient to run the business successfully, and do you know how to acquire additional knowledge?

At the next station, clarify the **form of the succession**: Will you "only" become managing director? Will you own the company alone later on, or shall other family members be involved?

Next, you have to find the right time to start the takeover process and agree on the **transfer period** within the family. Use **family support** and clarify what demands other family members have for the company. Even if you have known the company for a long time, you should question the corporate strategy. In times of digitalization, this may even bring around a change in the core business model. At the next station, clarify the **tax and legal aspects** of the succession and look for professional support if necessary.

Financing also plays a role in a family-internal succession: compensation payments to relatives or tax payments need to be planned. Next, you should draw up a **succession plan** with specific individual steps.

In the next stage, you will grow into an entrepreneurial role in addition to the family role. Think about how you want to **communicate** this and your **succession** and try to build good relationships with customers and suppliers early on. When **ownership** has been **transferred**, you can get started, but you shouldn't change everything from one moment to the next. Remember that key stakeholders are crucial for the business to build on past success.

In your new role, you will **lead the staff and innovate the company** according to your ideas. This is the only way you can develop the company further. In the case of a family-internal succession, the **entrepreneurial family** must also evolve. For example, a succession plan offers a good opportunity to create a family constitution.

3



Company-internal succession

In the case of a company-internal succession, you often already know the workflows and contact persons in the company, which is typically the **motivation** for a takeover. Your concrete goals form the basis for further succession planning. However, critically question whether your previous experience and **qualifications** are sufficient to manage the company successfully.

Even if you have known the business for a long time, it is important to **check the company** thoroughly to avoid surprises. In the next step, together with the predecessor, you decide when the takeover process should begin and agree on the **transfer period**.

Subsequently, you should plan the future of the company by formulating your **corporate strategy**. At the next station, clarify the **tax and legal aspects** of the takeover, such as liability issues, and use professional support for this.

Financing plays a vital role in a company-internal succession because a purchase price usually has to be paid. Do not forget to state subsidy offers.

All these steps should be recorded in a written succession plan.

Customers, suppliers, and former colleagues need to get to know you in your new role. Therefore, think carefully about how you **communicate your succession** before the transfer of ownership is completed. Make sure that key employees stay with the company. **Keeping key stakeholders** is crucial for the company to build on past success.

The final stage is about applying your experience and skills to the business, as you are now responsible for the **development of the company**. Don't forget to take care of your **private retirement provision** so that you don't have to rely on selling the company later on.

4



External succession

Are you still looking for a suitable business, or do you already have **found a specific company**?

In both cases, you should **set goals** that you want to realize with your planned self-employment. It is also critical that you have the necessary **qualifications** to successfully run that specific business.

Once you have found what you are looking for, you need to **check the company** intensively to identify risks as early as possible. These risks, such as a high dependence on the predecessor or specific customers, should be reflected in the purchase price.

At the next station, set a definite **date for the handover** together with the predecessor.

In order to secure the future of the company, you must develop your own **corporate strategy** and check whether you can implement it in the company. **Legal issues** and **taxes** are important in every takeover – let experts support you here. In the case of an external succession, the purchase price and its **financing** are an essential part of succession planning, which you should always document.

At the next station, consider how you will **communicate your succession**. After the **ownership transfer**, try to develop good relationships with your key employees to keep them in your company.

Now you can purposefully use your experience from your previous professional life to successfully drive the **company's development**. Don't forget your **private retirement provision** because your previous pension contributions as an employee may probably not be sufficient for a satisfactory retirement.



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Consulting

To master the complex succession process, different experts may be involved. The principal bank can help with financing questions and with the search for a company.

Lawyers and tax advisors can help with contractual issues. Business consultants and experts from chambers and associations can support you with business and managerial issues. They can also accompany the process and moderate hand-over negotiations.

Consulting may also be meaningful for topics that are not highlighted as such in the map. Mediators who specialize in family businesses can help with conflicts, for example.

N



Emergency planning

Regardless of age, every entrepreneur must think about a sudden failure and systematically make provisions for an emergency. Emergency planning ensures that the business can continue even if important people are absent for a longer period.

In the emergency kit, important documents and information are collected in a central place and updated regularly.

A well-stocked emergency kit can also simplify succession processes. Chambers and banks offer templates and information on the emergency kit and -planning.