



Track B: critical issues

Succession as role transitions

The succession scorecard: a practical tool to assist the leadership transfer

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- role transition
- success factors role transition
- succession scorecard
- scorecard results
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Role transitions

Transferor

Leader → Co-leader → Advisor

Successor

Assistant → Co-leader → Leader

Handler, 1990



- Individual factors
- Relation factors
- Process factors
- Context factors
- Financial factors

(De Massis, Chua, Chrisman, FBR 2008)

Which factors influence role transition?



- the transferor finds a new role
- a capable and well-motivated successor becomes a new leader
- relationship between transferor and successor is good
- the succession is methodically approached



“Succession is not an accident, nor an event but a long-term dynamic process occurring over a long period of time.”

(Le Breton-Miller, Miller & Steier, ETP, 2004)

Awareness, preparation, mid-term evaluation, feedback, clear goals - all process factors that can help the role transition and, ultimately, the business transfer.



starting point to improve process
web based approach
launched in 2007
available in Dutch, French and English
www.scorecardsuccession.com
one of the 10 best family business
support instruments (EU, Mandle, 2008)

SUCCESSION SCORECARD[®]

what is the succession scorecard ?

1. the incumbent leader finds a new role

2. a competent and well-motivated successor becomes the new leader

3. the relationship between the incumbent leader and the successor is good

4. good relations exist within the family

5. there is governance of the company and of the family

6. the successor forms a team with non-family members

7. all alternatives are thoroughly studied

8. the family business is professionally run

9. the succession leads to a proper arrangement of the ownership succession

10. the succession is carefully planned

WHAT IS YOUR
SCORE ?

DO YOU HAVE ANY
QUESTIONS?



50 statements

		True	False
1	Non-family managers enjoy the trust of the family	<input type="radio"/>	<input type="radio"/>
2	The succession has been studied from a legal and tax angle	<input type="radio"/>	<input type="radio"/>
3	An atmosphere of respect for one another prevails within the family	<input type="radio"/>	<input type="radio"/>
4	The successor has a good vision of the strategy of the family business	<input type="radio"/>	<input type="radio"/>
5	The incumbent leader often gives positive feedback to the successor	<input type="radio"/>	<input type="radio"/>
6	The successor respects the family members	<input type="radio"/>	<input type="radio"/>
7	An atmosphere of trust prevails within the family	<input type="radio"/>	<input type="radio"/>
8	I think that our family business has a good future	<input type="radio"/>	<input type="radio"/>
9	Our family business is financially sound	<input type="radio"/>	<input type="radio"/>
10	Non-family managers are involved in the strategy of the family business	<input type="radio"/>	<input type="radio"/>



Results scorecard

	1. The transferor finds a new role	2. The relationship is good	3. Good relations in family	4. Governance of business & family	5. A capable and well-motivated successor	6. Team with non family members	7. Alternatives studied	8. Business professionally run	10. Planning of the transfer	Overall Score
<i>Overall</i> (n=1082)	7.2	7.6	7.4	4.3	8.3	6.7	6.8	5.9	4.3	6.5
<i>(Candidate) successor</i> (n =467)	6.9	7.4	7.3	4.0	8.8	6.8	7.1	5.4	3.7	6.4
<i>Incumbent leader</i> (n =279)	7.7***	8.5***	8.3***	4.5***	8.2***	7.0	7.3	6.6***	4.9***	7.0***



Top 3 priorities

	Successor	Incumbent leader	Family share holder	Others
1	Transfer plan	Transfer plan	Transfer plan	Transfer plan
2	Professional business	Governance	Governance	Governance
3	Governance	Relations	Transfer ownership	Transfer ownership



Some concluding remarks

- role transition is crucial
- influence of individual, relational & process factors
- succession scorecard is a tool to improve process
- differences between successor and transferor scores
- low scores on some success factors

Questions?

Implementation of scorecard in
other countries?