



JPAbusiness Business Succession Scorecard

As a business owner, company director or board member, you can use this scorecard to assess your business' succession preparedness by answering the following questions on key criteria which demonstrate business succession planning.

Choose the answer that most closely matches your business, tick the related check box and tally up your score. Make sure you answer the questions honestly – your business value and future depends on it.

Business succession themes	Rate your preparedness	Your score
Leadership		
What is the strength and diversity of leadership, planning, direction, strategy, vision, drive and motivation in your business?	<p>These functions are shared by two or more people, including you, and there are also documented business plans, budgets and targets that are shared, managed to and monitored regularly (at least monthly) within the business. <input type="checkbox"/> (1 point)</p> <p>These functions are shared by two or more people, including you, although not documented or monitored. <input type="checkbox"/> (2 points)</p> <p>You are solely responsible for at least 75% of these key business functions. <input type="checkbox"/> (3 points)</p>	<input type="checkbox"/>
Decision making		
Which of the following best describes how day-to-day and important decisions (relating to cash flow, treasury, sales, team performance, quotes, estimates, tenders, recruitment and people management) are made?	<p>There are well-established delegation and management processes in place that provide individual team members with responsibility for their functional area. <input type="checkbox"/> (1 point)</p> <p>Decision making is reliant on a couple of key senior people with few established business systems and processes. <input type="checkbox"/> (2 points)</p> <p>Over 75% of decisions are made by you alone. <input type="checkbox"/> (3 points)</p>	<input type="checkbox"/>

Business succession themes	Rate your preparedness	Your score
Operations		
Which of the following best describes who is responsible for operational functions and tasks undertaken in your business?	<p>These functions are shared by two or more people, including you, and there are effective business systems, processes and monitoring to ensure individual team members achieve the desired outcomes. <input type="checkbox"/> (1 point)</p> <p>Operational performance is reliant on a couple of key senior people with few established business systems and processes. <input type="checkbox"/> (2 points)</p> <p>Over 75% of operational activities are conducted by you alone. <input type="checkbox"/> (3 points)</p>	<input type="checkbox"/>
Culture		
How well does all the team (from the lowest paid to the highest paid) consistently understand and engage with the vision, direction, purpose and business' plan and requirements?	<p>There is a documented business plan, budget and forecasts that are actively updated by a large number of team members. There are also well established and clearly communicated and tracked targets associated with these plans. <input type="checkbox"/> (1 point)</p> <p>Plans and business direction are largely set by a small number of senior managers (including yourself and at least two others) and communicated periodically in a structured way. <input type="checkbox"/> (2 points)</p> <p>You set the plans and direction of the business. The business team, including other shareholders or family members, and the various business functions operate independently of these plans, focusing on conducting day-to-day activities. <input type="checkbox"/> (3 points)</p>	<input type="checkbox"/>
Communication		
How do you communicate your business culture to your team?	<p>There is open communication and an achievement-driven culture where employees regularly and actively identify risks and issues important to the team and business achieving its goals. <input type="checkbox"/> (1 point)</p> <p>Plans and business direction are known by a couple of key people and are communicated periodically in a structured way. <input type="checkbox"/> (2 points)</p> <p>You rarely communicate your business plans with your team. <input type="checkbox"/> (3 points)</p>	<input type="checkbox"/>



Business succession themes	Rate your preparedness	Your score
Forced exit		
If you died or were incapacitated tomorrow, what would be the likely impact on your business?	There would be little impact on the business earnings in the ensuing 12 months (no more than 10% reduction) and minimal senior management team changes. <input type="checkbox"/> (1 point)	<input type="checkbox"/>
	The business would suffer a decline in earnings in the ensuing 12 months of 20% or greater and there would need to be an ownership restructure and/or recruitment of additional senior management team members to replace you. <input type="checkbox"/> (2 points)	
	The business would probably cease operating as you alone are responsible for at least 75% of the key business functions. <input type="checkbox"/> (3 points)	
Business transition		
Imagine a circumstance in which you are looking to acquire a business and you identify one just like the business you currently own. Knowing your own level of involvement in your business, and the risks and issues associated with that and the business, what transaction acquisition terms would you seek to negotiate during the purchase to manage transition risks?	A three-month transitional arrangement from sale completion, where the current owner is required to be available to advise on aspects of the business including key customers, relationships, broader market issues, and the transfer of all senior staff (subject to interviews and satisfaction of all parties prior to completion). <input type="checkbox"/> (1 point)	<input type="checkbox"/>
	A 12 to 36-month full-time employment arrangement from sale completion, where the current owner is required to work in the business and also transition knowledge and relationships. A 25% discount to the purchase price (relative to current market multiples and values) and/or a percentage of the sale purchase price paid 'at risk' (i.e. contingent upon the business achieving certain criteria post a completion) to account for risks associated with the business being heavily reliant on one person. <input type="checkbox"/> (2 points)	
	You would walk away from the opportunity to purchase the business as it is too risky to buy based on risks associated with the business being heavily reliant on one person. <input type="checkbox"/> (3 points)	
Your total score: <input type="checkbox"/>		



What your score means

If you scored 7 your business succession plans are well progressed and developed – keep focusing and fine-tuning them.

If you scored between 8 and 11 your business succession plans are evident, however they need some serious focus and attention. Seek [advice](#) to identify the areas of deficiency and focus closely on addressing these.

If you scored 12+ your business succession plans are likely to need some work. You are potentially diminishing the value and value potential of your business by not acting. Seek [advice](#) on how best to address this issue.

If you would like to learn more about the **business advisory services** offered by **JPAbusiness**, please contact the team by visiting jpabusiness.com.au or call 02 6360 0360.

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