



Getting Ready to Hand Over the Reins: A Guide to Management and Leadership Succession

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This resource is based on EOC's September 15, 2026 webinar on Preparing for Management and Leadership Succession featuring speakers **Pete Walker (Boughton Riverview Consulting)** and **Larry Sparks (The Confluence Group)**.

Who this is for: Business owners who are planning an employee ownership transition, or any ownership change, and want to understand what it actually takes to prepare the organization, not just the deal.

Why it matters: Most owners spend significant time and energy preparing the transaction. Far fewer spend equivalent time preparing the business to run without them. This resource addresses that gap and makes the case that getting it right is both good leadership and good business strategy.



Two Distinct Things to Prepare

Ownership succession and management succession are not the same process, and they don't happen on the same timeline. Conflating them is one of the most common mistakes owners make.

Ownership succession is a decision you make about who will own the business after you and in what structure. The work here is to get clear on what you want, make the call, and then act on it.

Management succession is an organizational change. You are removing yourself from the roles and responsibilities that the business currently relies on you to fill. This takes longer, cannot be rushed, and yields benefits the entire time you're doing it, not just at the moment of handoff.

Both matter. But they require different mindsets, different activities, and different timelines. The best exits happen when both are treated seriously and separately.

The Management Succession Framework:

Four Things

A useful way to think about management succession is to map every role the owner currently occupies in the business. These tend to fall across four organizational levels:

Day-to-day operations: The week-to-week, customer-to-customer execution of the business. This layer needs to be running without you before any of the rest of the work is possible. If you're still the operational bottleneck, that's where to start.

Management: The monthly coordination and oversight layer. Someone needs to hold this without you.

Short-term leadership: Quarter-by-quarter planning and execution. This is the bridge between operations and strategy.

Long-term leadership: The one-to-five-year strategic horizon. Thinking about where the company is going and what it needs to get there.

Ownership: The years-long view and the one decision that drives clarity for everything below it.

Here's the key principle: **clarity flows down, and preparedness flows back up.** If the ownership level hasn't made and communicated a clear decision about direction, the layers below cannot prepare themselves for it. The owner's job is to provide that clarity first, then create the conditions for the rest of the organization to get ready.

When you strip out day-to-day operations, which should be running on their own, you're left with three seats in management, short-term leadership, and long-term leadership that need to operate without you, plus the one ownership decision. That's a manageable job. Four things, not eleven.

What "done" looks like: The three seats operate without you. You are not a bottleneck, you are not required, and you are not blocking decisions by withholding authority. That's readiness. It sounds counterintuitive, but making yourself irrelevant is exactly the goal.



This Work Pays Now, Not Just Later

A common reason owners delay this work is the assumption that it only pays off at the time of sale. That's incorrect.

The moment you begin extracting yourself from operational and leadership responsibilities, the business becomes more valuable, more resilient, and more capable. Efficiency improves. Leaders develop. Decision-making accelerates.

These gains compound over time. The longer you have this running before the transition, the more you and the business both benefit.

There is no downside to starting early. There is a significant downside to starting late.

Choosing and Preparing Your Successor

Assuming you want to promote from within, which is common among owners drawn to employee ownership models, here are the key questions to answer before naming a successor:

What does ready actually look like? Define it specifically. Don't leave it as a feeling or an assumption. What skills, behaviours, relationships, and decision-making capabilities does this person need to demonstrate before they step into the role?

Do they have the followership to lead? Management skill and leadership are not the same thing. The best operator in your company is not automatically the right person to lead it. A leader needs to generate trust and followership from the people around them. A strong manager who can't bring the team along will struggle in the top seat, and that struggle will surface at the worst possible time.

What support will they still need? There is no perfect successor. Whoever you put in the chair will have gaps. Knowing what those gaps are in advance, and planning how to support them through the transition, dramatically increases the likelihood of success.





Four practical activities that build readiness:

- **Resource planning:** Do you have the right people in the right roles? Do you know who the next version of each key leader is? If not, that's a risk worth addressing now.
- **Career development conversations:** Have you actually talked to your potential successor about what you're thinking? Does what you want for the business align with what they want for their career? A mismatch discovered during due diligence is a crisis. A mismatch discovered in conversation is a planning problem.
- **Employee voice and engagement data:** Employees will tell you how prepared the organization feels if they trust that their feedback will be heard and acted on. Actively gathering and visibly responding to employee input builds the kind of trust that makes a leadership transition land well.
- **Closing the feedback loop:** Data that sits on a shelf builds nothing. When employees see that their input produces visible action, trust in the transition grows. When it doesn't, it evaporates.



The Five Sharp Objects: What Goes Wrong

These are the most common failure points in management and leadership succession:

1. Taking too long to decide

The sooner you name a successor and begin expanding their decision-making authority, the more time they have to build trust in themselves, in you, and in the team. Delay compresses all of that development into a shorter window and increases the pressure on everyone.

2. Deciding and then waffling

This one is arguably worse than not deciding at all. Once you've made and communicated a decision, your actions need to match it. If they don't, trust evaporates quickly and the transition becomes significantly harder to execute. Commit and follow through.

3. Not making yourself irrelevant

The goal is to reach the point where your absence is a non-event. When your team has it covered and the business runs without you, that's when you've succeeded as a leader. Work toward it deliberately and celebrate it when it happens.

4. Assuming without confirming

Assuming your successor wants the role, is ready for it, or is telling you the full picture without actually asking and verifying is a risk that tends to surface at the worst possible time. Readiness is not your assessment; it's theirs. Ask directly. Document clearly. Don't rush it or attach artificial deadlines to it.

5. Confusing management with leadership

The best manager in your company is not automatically the right leader for the next chapter. Proximity, loyalty, and tenure are not qualifications for leadership. Solve for the leadership requirements specifically, and understand that those are different from management capabilities.



A Note on Communication

If there is one thread running through all of this, it is communication. The clarity you provide as the owner, the conversations you have with potential successors, the feedback loops you build with your team, the shared vocabulary you establish with your advisors; all of it rises or falls on how clearly expectations are set and understood.

There is no standard vocabulary for this work. Different advisors, different organizations, and different contexts use different words. Being deliberate about the language you use internally, and making sure everyone means the same thing when they use it, removes unnecessary confusion from an already complex process.

For Smaller Organizations Without a Large HR Function

The fundamentals are the same at any scale. In a smaller company, the practical steps are:

- **Write it down.** If processes, relationships, and institutional knowledge live only in the owner's head, the business cannot operate without that owner. Get it on paper.
- **Have the conversations explicitly.** In a small team, there is often less structure around career development conversations. Create that structure deliberately.
- **Use a simple framework for decision rights.** Even a basic RACI (Responsible, Accountable, Consulted, Informed) exercise can dramatically clarify who decides what, reduce ambiguity, and accelerate the transition.
- **Consider a fractional resource** if you need outside expertise. A fractional CHRO or an exit planning advisor with a leadership specialty can help structure the work without requiring a full-time hire.





The Three Things to Remember

1. **Make the decision.** Owners who are still occupying too many chairs in their organization cannot see their options clearly. Get yourself out. Maximum options, maximum clarity.
2. **Start now.** The work of succession preparation builds value while you're doing it, not just when you finish. The earlier you start, the more you benefit.
3. **Give it time.** This is likely the biggest transition your company will ever go through. Rushing it increases the probability of failure. Give people, including yourself, the runway to do it properly.

This resource is intended for general educational purposes and does not constitute legal, financial, or HR advice. Consult qualified professionals for guidance specific to your situation.