

Six--Who will be the Interim CEO?

This is the biggest question. Without the owner/operator of the business, who will run the company? It may need to be an outside party but that person will need to be familiar with the company. Potential candidates are a contract CFO, the CPA, the lawyer or some other trusted advisor.

Part of the Emergency Succession Plan will be an agreement the amount of time commitment and the compensation to the Interim CEO.

Seven—Discuss the Plan with the Company's Trusted Advisors

This is a bit tricky as many owners will want to keep any Emergency Succession Plan under wraps. After all, they are rarely needed. Of course, the whole point is to be prepared for the rare time when the business owner is disabled or dies. The company's lawyer is a key part of making the plan. The company's banker should probably be informed and hopefully will be reassured that there is a plan in place. Other trusted advisors, such as the insurance broker, wealth manager or other business consultants could or should be involved and informed, at the discretion of the owner.

Eight—Put the Legal Documents in Place

Another critical part of the Emergency Succession Plan is having the legal documents in place to facilitate implementation of the plan. The Interim CEO needs the legal authority to become the company's CEO in order to fulfill this function. Documents that are a part of the plan will probably include:

1. Power of Attorney including a definition of what constitutes a temporary or permanent disability.
2. Resolutions allowing the Interim CEO to sign checks, borrow money, make business decisions and generally do what they need to do. And restrictions, if any, on what they can't do.
3. Etc.

Nine—Have a Communication Plan

Should the Emergency Succession Plan be implemented, it is important to communicate the plan to stakeholders, including:

1. Employees—to ensure they know there is someone in charge and that their jobs are secure.
2. Banks—so that they know there is a well thought-out plan and that they know who is in charge.
3. Customers—who may have developed a personal relationship with the owner and may need assurance that it will be 'business as usual.'
4. Vendors—who have similar concerns to customers.
5. Community—especially if the company is a significant part of the local community.

Messaging should be part of the Plan and thoroughly thought through.

Ten—Review and Update the Plan Annually

It is a good idea to revisit and update the Emergency Succession Plan annually, perhaps as part of the annual budgeting process. By its very nature, an Emergency Succession Plan will only be need in, well, an emergency. This is why it needs to be ready-to-go, on the shelf and up-to-date at all times.