



SUCCESSION PLANNING TOOLKIT

An MRAA Guide:

**11 Steps to Success
and Succession**

Ever had to make a big decision and felt doubtful you had all the information you needed to make the right choice?

It's an awful feeling. Unfortunately, when it comes to succession planning, it is pretty common. There are lots of important decisions to be made – many of them just once in a lifetime.

The good news is that awful feeling can be avoided with just a little help from the experts.

In its most basic form, business succession planning is the process of creating a plan to help your business continue to thrive and grow for future generations. When it is done completely, your dealership creates processes, systems and a leadership and management approach that provide both stability and growth, while offering both owners and employees confidence in the long-term prosperity of the business as it is handed off from one owner or one generation to the next.

The Marine Retailers Association of the Americas has joined together with three key partners to offer you education, tools and resources you can use to navigate this process. Learn about them and how they can help on page 18. Our goal is to give you confidence in making key decisions related to succession planning,



Don't have the information you need to make a big choice? It's an awful feeling.

increase the success of your dealership now and moving forward, and help you plan for the future you dream about, whether succession is just around the corner or you're at the very beginning of your ownership journey.

We call what we're creating for you The MRAA Succession Planning Toolkit, and this is the second digital publication we've produced to help guide you through the process of preparing for succession.

If you haven't read our first publication, "7 Things Every Dealer Needs to Know about Succession Planning," we recommend you visit MRAA.com/succession to do that first. It's a quick read: just 7 pages. Go ahead. We'll wait.

Introducing The Succession Matrix®

When it comes to preparing to pass on your business to a different owner, there are some real dangers in failing to recognize ALL the factors that contribute to successful succession.

Dangers that go far beyond the awful feeling we mentioned above.

To start, if you fail to meet the needs and goals of yourself, your family, your partners, your employees and the community, it can have real repercussions. Think of your personal financial security, lifestyle, relationships and pride. And that's just the beginning. What about the lives of your employees, customers and manufacturers? What about your dealership's legacy?

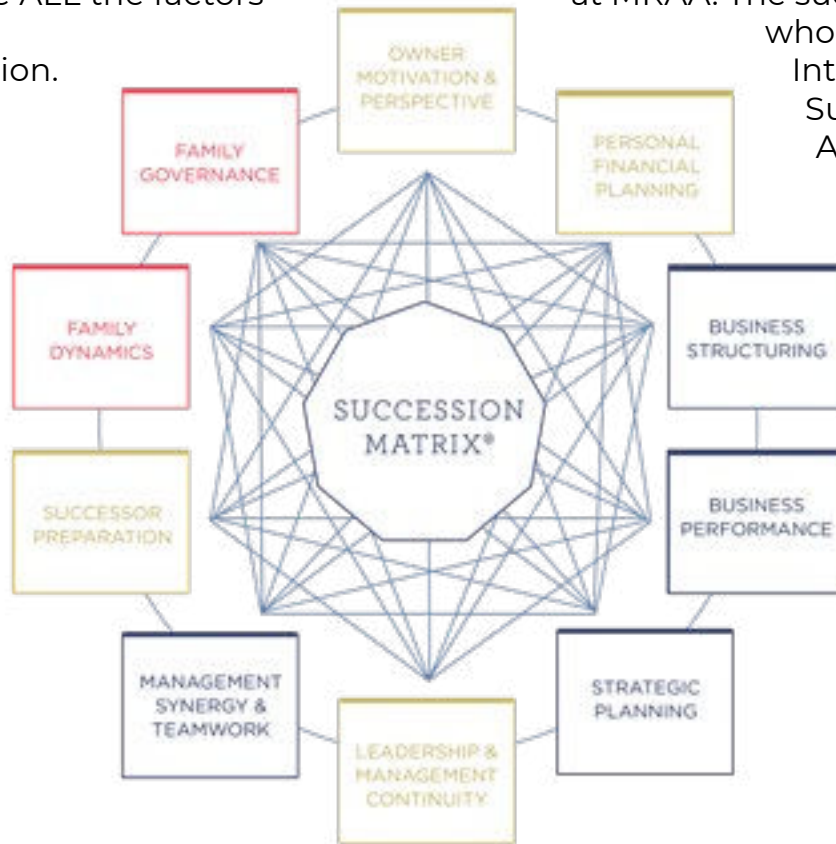
That's why we're so grateful to be able to share The Succession Matrix® with you. To prepare for succession, you'll want to start by gaining an understanding of the 10 key factors of the matrix, which are spread across three main categories: Personal, Business and Family.

These interdependent factors were identified by people much more experienced with and knowledgeable about this topic than our team at MRAA. The succession gurus who make up the International Succession Planning Association® (ISPA®) developed The Succession Matrix® through an extensive research and study program.

One of those gurus was Loyd Rawls, who founded The Rawls Group: Business Succession Planners. He and his team went on to create an abundance of

educational resources that are helping us shape MRAA's Succession Planning Toolkit, along with guidance from our other two key partners in this initiative, which you'll learn more about in the pages ahead.

The way we see it, each of the key partners in this initiative has unique expertise and offerings to help dealers like you find success and prepare for succession. Our job is to bring it all



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Our goal with the Succession Planning Toolkit is to give you confidence.

together, help you understand what it means for you, your family and your business, and introduce you to the right partners and solutions when you need them.

You've heard us say it before, but it bears repeating: To successfully navigate succession, most dealership owners benefit from a team of advisors who work together to support their goals. We're proud to be on YOUR team! And we hope you'll consider our key partners for your team too.

In this publication, we'll take 11 steps together. The first 10 steps involve

wrapping your brain around the 10 key factors of succession, as brought to life through The Succession Matrix®. (In future publications and courses, we'll dive deep into each one, including real examples from businesses like yours.)

The last – and most exciting step – is to take our quick, 15-minute self-assessment, which we call the Succession Planning Scorecard. That will give you some insight into where you are on your succession planning journey, so you can prepare for what's next.

Are you ready? Let's get started.



Step 1: Understand Owner Motivation & Perspective

Hey dealership owner, we're talking to YOU. Why is your motivation and perspective important enough to be a key factor in planning for succession? Let's go back to a quote we shared with you in the publication, "7 Things All Dealers Need to Know about Succession." One of the definitions of business success is: "Fulfillment of the owner's motivations, goals, and purpose for the business. As an example, a business that generates extraordinary profit but does not make the owner happy may not be considered a successful business." What's important to you determines how you should plan for succession from beginning to end – and it determines what options and opportunities you will have available to you.

Want to look at an example? Imagine a dealership owner who didn't take the time to coach, mentor or train family members

who might become successors or key managers to prepare them for ownership.

As a result, neither group may be willing or able to continue the business in the absence of that owner. There goes two options for succession: passing on to family or selling to key managers.

Here are just a few other reasons your motivation and perspective, as dealership owner, is so important, according to The Rawls Group: Business Succession Planners:

- Your perspectives will shape the dealership culture and employee behavior.
- Your attitude toward your dealership and your priorities will shape relationships with family members, managers, employees, manufacturers and creditors.
- Your motivation when it comes to your business establishes its operating direction and performance expectations.
- Your views frame the dealership's values and practices, which in turn impact profitability, efficiency, enthusiasm, innovation, customer satisfaction, and the sustainability of success.

"What's important to you determines how you should plan for succession from beginning to end – and it determines what options and opportunities you will have available to you."

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When it comes to understanding your own motivation and perspective as a dealership owner, here are some questions you may want to reflect on, as suggested by our friends at The Rawls Group: Business Succession Planners:

- Do I know what I want?
- What is my vision for the future of my business, family, lifestyle, and personal security?
- Are my goals realistic?
- How is my outlook towards the business and my emotions impacting



MRAA Pro Tip:

Spader Business Management offers proven training programs to help current and future leaders understand their motivation, use that understanding to improve their performance and that of their business, and prepare for succession. We recommend these programs because our team members have experienced them and seen their impact first-hand. [Learn more here.](#)

those I am depending upon to help me achieve my goals?

- How is my attitude and mindset helping or hurting my business, family, partners, employees, key relationships, and the value of my business?
- Are my actions and attitude an asset or a liability to my dealership's culture and morale?
- What do I feel I should change?



Step 2: Get a Grasp on Personal Financial Planning

We're pretty sure you expected financial planning to be on this list. After all, when someone says "succession planning," most of us think of things like estate planning first. And that's exactly right.

It is one of the four elements of personal financial planning, according to The Rawls Group: Business Succession Planners: Financial Independence, Exit Strategy, Estate Planning and Credit Continuity.

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The first item on that list – Financial Independence – is a big one. Here's why: It provides you with the freedom to consider all viable exit strategies without being forced into one or the other based solely upon your personal financial needs.

Personal financial planning is important because it can help answer questions like:

- How do I develop financial independence from the business? How do I identify and develop successors to support a compatible exit strategy?
- How do I transition personal guaranteed loans to minimize financial risk when I exit the business?
- How do I create a fair estate plan that will promote family harmony and provide opportunities for the next generation?
- How do I protect my family and business in the event of an untimely death or long-term disability?

When it's done right, personal financial planning can not only give you the freedom to transfer or sell the business to the person, people or companies of your choice at the most opportune time, but it also can allow you to avoid unnecessary cost and family turmoil while seamlessly transferring the business.

Our friends at The Rawls Group: Business Succession Planners hit on something there, didn't they? Seamless sounds pretty good. If you're working to get a grasp on your personal financial plan, you may want to think about your answers to these questions, according to The Rawls Group: Business Succession Planners.

- Do you feel you are on the right path for financial independence from the business at the time of your expected retirement? If not, what are next steps for you to begin developing financial independence?
- What issues do you think your estate plan may create for your business, family harmony and opportunities for your family and business in the future? Consider probate, challenging of the will, payment of taxes, family resentment etc.
- What key things are impacting the facilitation of exit plan on your timing? Consider emotional, financial, relational, and managerial considerations. If there was an untimely death or disability, do you feel the bank would be comfortable maintaining relationships with your business? If not, what steps can you take to better the relationship?

MRAA Pro Tip:

MRAA has been developing resources, education and contact information for service providers with experience helping marine dealers with personal financial planning and other key aspects of succession.

If we can't answer your succession questions, we'll work to find someone who can.

To learn more, read about our key partners in the Succession Planning Toolkit on page 18, visit [MRAA.com/succession](https://mraa.com/succession) or email us at liz@mraa.com.

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Step 3: Wrap Your Head around Business Structuring

When succession planning experts talk about business structuring, they have two elements in mind: The structure of your dealership and the business agreements you have with others.

If you're reading this, chances are you've already chosen a certain structure for your dealership. Maybe you're an S-corp or a C-corp or an LLC. But did you know? The choices you make about structure can have a direct impact on areas like business taxation, control of business ownership, gift and estate tax on business transfers, and shareholder access to cash flow, according to The Rawls Group: Business Succession Planners.

If you haven't yet considered how your business structure supports or conflicts with your succession plan, it's an important step you'll want to explore with your advisors.

When it comes to business agreements, we're talking about written and signed

documents between you and your family members, business partners and key employees. Where you already have these in place, it's important to review them for how well they support your succession plan.

If you don't have agreements in place, there are cases where you may want to consider them. As an example, you might want to put in place incentive compensation plans and non-compete agreements with key managers to promote their commitment to your dealership while you go through the process of selling or transferring the dealership.

As you're wrapping your head around the idea of business structuring, you may want to reflect on the following questions from The Rawls Group: Business Succession Planners:

- Am I aware of the tax implications of the different types of business structures and how they may impact the flow of profits, minimizing taxes and providing access of retained earnings to shareholders?
- Do my shareholder agreements cover all issues and possible scenarios, such as death, divorce, or deadlock so to prevent the need for negotiations during times of high emotions and stress?
- Do I have agreements in place that protect any other shareholders and the business from undesirable behavior or actions of a single shareholder?
- Is my business real estate owned in a structure that protects me from personal liability?



High-performing people want to work for high-performing dealerships, which is one benefit of a focus on this factor.



Step 4: Rethink Business Performance

Business success is an important component of succession, and business performance is a key element of business success.

That's good news for almost everyone working on succession planning. Here's why: If you've done anything to improve the performance of your dealership, you were also preparing for succession – whether you knew it or not. Congrats!

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Before you do too much to celebrate, however, keep in mind that as a business owner, you're never done improving your performance. All dealerships have opportunities to perform better, and as the customer, market and technology change, so must you, your team and your business, if you're to maintain and improve upon your results.

When your dealership can demonstrate industry leading performance, its value and attractiveness to potential buyers will go up, making this an area of focus that can have big-time ROI. In addition, a high performing dealership has an advantage when it comes to attracting the best employees, customers and manufacturers.

When you're looking at the performance of your dealership specifically for the purposes of preparing for succession, The Rawls Group: Business Succession Planners suggests the following are the six most important metrics:

- Profitability
- Capitalization
- Liquidity
- Cash Flow
- Customer Satisfaction
- Employee Satisfaction

When reviewing the performance of your dealership, The Rawls Group: Business Succession Planners suggests you consider your answers to these questions:

- Is my company sufficiently capitalized for credit uncertainty, technology updates, product development, expansion, etc.? If not, what are next steps to get there?

- Does my business perform at or above industry benchmarks, at peak levels of efficiency and profitability? If not, what is getting in the way and how can you improve?
- Do my key leaders and manufacturers have confidence in the sustainability of my business once I'm no longer in charge? If not, what is getting in the way?

MRAA Pro Tip:

One proven way of preparing for succession in addition to boosting dealership performance is to become a Marine Industry Certified Dealership.



Not only does it help you track important metrics like customer satisfaction and employee satisfaction, but you'll also be led through the development and updating of written processes in all key dealership areas:

- To document your formula for success;
- To train your team on the principles of running the business;
- And to ensure you deliver consistently outstanding levels of customer and employee experience.

[Learn more here.](#)

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Step 5: Take on Strategic Planning

Ask a thousand business gurus to define strategic planning, and you'll get a thousand different definitions. So, is it really important, then, if no one can even agree on what it is?

David Spader of Spader Business Planning explains why it's so critical for dealers to create and actively use a strategic plan in a course he filmed for MRAA's Continuous Certification Program: "If you don't know where you're going, how do you know how to get there?"

You might describe strategic planning as a process you can use to determine your vision for the future of your dealership and what goals or objectives you'll need to meet and steps you'll need to take in order to get there.

The Rawls Group: Business Succession Planners suggests a strategic plan serves as the compass for future business and success. It includes three elements: a mission statement, a management

and/or growth vision, and a plan with accountability steps.

In thinking about the strategic plan for your dealership, The Rawls Group: Business Succession Planners proposes these self-reflection questions:

- When was the last time my team participated in a strategic planning session or reviewed/updated the strategic plan?
- Is my leadership team and family in support of the long-term vision and strategic plan for how to get there? Why or why not?
- Is my dealership's mission and core values understood throughout the organization and reflected in the way we interview with customers, vendors, partners and employees? Why or why not?
- Are our long-term goals realistic? Does the business have sufficient capital and cash flow to support the changes needed? Do we have the time, people and money to achieve business and succession goals? Are the current managers capable of achieving the business goals? If not, will training help or is recruiting needed?

MRAA Pro Tip:

If you're an MRAA Gold Member, you have access to David Spader's Continuous Certification course, *Strategy: A Path to Improved Performance*, which can help you develop or update your strategic plan.

[Learn more about Gold Membership.](#)

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Step 6: Consider Leadership & Management Continuity

Succession is not a solo endeavor. In fact, the opposite is true. To be successful in transitioning your dealership to new owners, you'll need collaboration and cooperation with many individuals and groups of people, one of the most important of which is your leadership team.

Whether you're handing your dealership over to family, transitioning it to key employees or selling to a third party, it is in everyone's best interests if you can develop a team who can and will successfully operate it without you.

Some of the ways you can do that include improving your bench strength

by training and developing your current employees and if needed, attracting new ones; designing incentive programs to retain key team members; and using coaching, mentoring and accountability best practices to boost employee performance.

"The identification, motivation and retention of highly qualified managers and employees is essential to building business value, sustaining business performance, implementing strategic plans, and consequently, the achievement of your succession goals," wrote The Rawls Group: Business Succession Planners.

They recommend you ask yourself:

- Do my managers have an "ownership" attitude or do they look at my business as just a job? If they look at it as just a job, what can I do to change that mindset?
- Am I confident that even in an environment of frustration and uncertainty, my key managers will continue to enthusiastically support me or my successors?
- Am I aware of the goals of my managers, and are they in alignment with my goals?
- Do I have high turnover amongst key positions? If so, why?

MRAA Pro Tip:

Spader Business Management's 18-month Leadership Development Program is popular among dealership owners looking to prepare their successors for leadership.

[Learn more here.](#)

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Step 7: Drive Management Synergy & Teamwork

You can have the best performing employees in the boating business, but if they aren't team players, they may be costing you more than they are bringing in. That's how important teamwork is in your dealership. And it's especially critical as you prepare for succession.

Earlier, when we wrote about Business Performance, we shared six performance metrics that The Rawls Group: Business Succession Planners names as critical to succession. Let's look at one of them, Customer Satisfaction, to better understand how teamwork can impact dealership performance and succession.

A customer's experience with your dealership is the sum total of all interactions they've had with your business, from their experience on your website and when they call on the phone to when they visit your showroom, video chat with your sales team and bring their

boat in for service. Every person who works on your team likely shapes the customer's experience either directly or indirectly.

When those team members work well together and are guided by a common dealership mission, vision and values, the customer experience is consistent and outstanding. The customer isn't just satisfied. They are wow'd. They'll return to do business with you again and recommend you to their friends, family and maybe even strangers online.

“A lack of teamwork within your dealership and between your dealership and its key partners and stakeholders can actually impact nearly all the key measurements of dealership performance.”

When your team members don't work well together, the sales team promises one thing and the service team delivers another. The website sends one message, and the showroom delivers another. The person on the phone provides one level of service, and the person behind the parts desk offers another. The prospect or customer is, at best, confused and, at worst, upset or angry.

A lack of teamwork within your dealership and between your dealership and its key partners and stakeholders can actually impact nearly all the key measurements of dealership performance, including profitability and employee satisfaction.

It's important to reflect on questions like these from The Rawls Group:

- Am I consistently a good role model for collaboration and teamwork? Do my affirmations, motivation, incentives and recognition programs address and reward team achievements?
- Is my team operating at maximum efficiency to enhance performance or are my managers operating on a “turf management” basis?
- Do I have high performers that generate a lot of money, but operate by their own set of rules and negatively impact my efforts to achieve unity and teamwork?
- Are my pay plans supporting teamwork or do they affirm individual performance?
- Do my managers meet periodically to discuss how departments can support each other in team fashion?

Step 8: Get Ahead with Successor Preparation

Choosing the right successor(s) and preparing them for success is a critical part of succession planning.



As you consider the right person or people to assume ownership of your dealership – and opportunities to prepare them for success through training and experience – The Rawls Group: Business Succession Planners recommends you evaluate potential candidates in six areas:



- Availability
- Competence
- Character
- Commitment
- Capacity
- Community

MRAA Pro Tip:

If you're working to drive management synergy and teamwork in your dealership, we have a few resources to recommend that may help. At MRAATraining.com, MRAA Silver and Gold members can access a number of great courses on topics like teamwork and culture, highlighted by the 2021 Continuous Certification Course “How to Raise Your Game as a Leader and a Follower,” available exclusively to Certified Dealers.

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As you're creating a list of potential successors, reflect on questions like these from The Rawls Group: Business Succession Planners:

- What specific characteristics are essential for your successor to effectively uphold the dealership's culture and lead the business?
- Who amongst your team do you feel shows potential as a successor candidate?
- For each candidate listed, what are the specific areas needed for growth to thrive as a successor? Alternatively, what areas might you need to recruit for to support them?
- What would a training and mentoring program look like to develop this successor(s)?

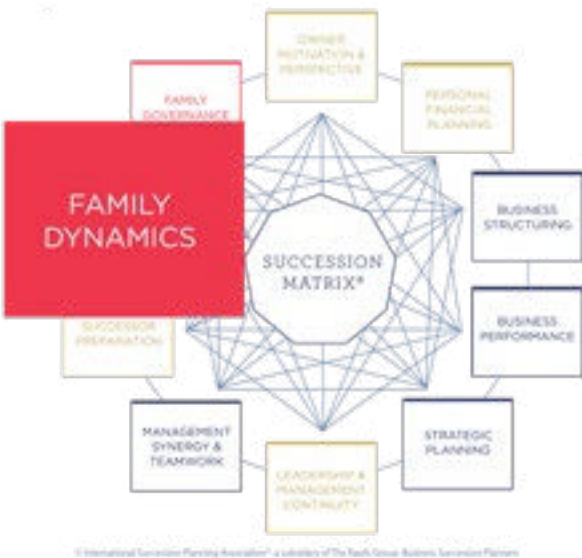
MRAA Pro Tip:

If you missed it, MRAA released a package of courses called "[How to Excel as a Marine Dealership Leader and Manager](#)," which features 7 of MRAA's best courses of all time, lots of great resources, and a completion certificate. MRAA Silver and Gold members can access this package at no charge at [MRAATraining.com](#), and it represents an excellent collection aimed at helping you train the next generation of management and leadership at your dealership.

That's why it's important to understand the impact of family dynamics on the business and work toward unity and harmony. Communication, cooperation and collaboration is often needed to address the complex business issues that can develop as you prepare for a transition in ownership and beyond.

Consider the following questions from The Rawls Group: Business Succession Planners:

- Are family relationships currently an asset or a liability to the business? Why or why not?
- Are you an asset or a liability to family member employee development? Why or why not?
- How would you characterize your family's relationship with non-family leaders in the business?
- In any area where there is conflict, what could be creating the conflict and how could you improve the relationship?



Step 9: Wrestle with Family Dynamics

Family relationships can either support or undermine the achievement of business performance and succession planning goals, whether those family members are active in the business or not.



Step 10: Lead the Family Governance Conversation

To ensure successful transitions, dealership owners should consider establishing guidelines that outline how family members are permitted to interact with the business, suggests The Rawls Group: Business Succession Planners.

When family members and dealership leaders share common expectations for how business and estate issues will be handled, dealership decisions will be made, and employment opportunities will be managed, trust can be built between family and non-family stakeholders in the dealership.

As a dealership owner, you may want to ask yourself these family governance questions from The Rawls Group: Business Succession Planners:

- What policies do I need to implement to create boundaries between my family and my business? ie. Employment Policy, Performance Expectations, Compensation Policy, Stock Ownership and Successor Candidate Criteria.

MRAA Pro Tip:

Many family-run businesses include a family therapist as part of their team of succession advisors to help them work through sources of conflict and prepare for a successful ownership transition. Want help assembling your team? Consider the succession planning experts at The Rawls Group: Business Succession Planners. [Learn more here.](#)

- How often are business discussions a part of family gatherings, and are they an asset or liability to family relationships?
- Are there written job descriptions for all roles in the organization, particularly the roles that are filled by family members?

MRAA Pro Tip:

As a member of MRAA, you have access to our job description database and our digital guide, Job Descriptions that Amp Up Productivity. [Learn more here.](#)

Step 11: Know the Score

Now you have a basic understanding of the 10 factors of The Succession Matrix®. That alone is a big step toward getting ready for succession.

So, what's next? Our goal is to help you take action that will get you closer to your goals for yourself, your family, your dealership and all the people who have a stake in its success.

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That's why we've partnered once again with The Rawls Group: Business Succession Planners to create an assessment that will provide you with insight into where you are on your succession planning journey.

We call it MRAA's Succession Scorecard. This 100-question self-assessment should take you about 15 minutes to complete. At the end, you will receive an overall score based on the self-assessment, and MRAA will be alerted to begin preparing a custom report for you.

This custom report breaks your score down into nine categories (we combined Family Dynamics and Family Governance into one) and provides specific recommendations for ways that you can further develop your foundation for success and succession in each of these areas.

So, are you ready to know your score? Get started now at MRAA.com/scorecard.

MRAA Succession Scorecard

Dealership Name: _____

SCORE

<input type="text"/>	Owner Motivation & Perspective
<input type="text"/>	Personal Financial Planning
<input type="text"/>	Business Structuring
<input type="text"/>	Business Performance
<input type="text"/>	Strategic Planning
<input type="text"/>	Leadership & Management Continuity
<input type="text"/>	Management Synergy & Teamwork
<input type="text"/>	Successor Preparation
<input type="text"/>	Family Dynamics & Governance

TOTAL SCORE Total %

Marine Retailers Association of the Americas © 2021

Key Partners in MRAA's Succession Planning Toolkit

We couldn't do any of this without the trusted experts whose companies are our key partners in this initiative. They include:



BUSINESS SUCCESSION PLANNERS

The Rawls Group: Business Succession Planners –

Single focus on succession planning with an emphasis to impact lives and cultivate legacies. Founding member and lead research provider to the ISPA®

Business ownership by nature is risky; succession planning however creates strategies and structure to put you in control. In an ever world of change – business value, growth and sustainability all depend upon freedom of choice when the opportunity arises. For the past 45+ years, our meticulous attention to the probable, possible, potential details allow you to prepare and avoid any looming issue impacting your goals.

Even our newest clients have already told us how relieved they feel about the future. Flexibility is a luxury. We are ready to go on this journey with you.



Spader Business Management – A leading provider of training, consulting, coaching and management services and products that has contributed to the successful transition of hundreds of companies.

Our focus when it comes to succession planning is to provide marine dealers specific solutions to help the ownership, the senior management team and the business navigate the transition successfully.

Our deep understanding of the unique aspects of the marine industry, garnered over more than 40 years in the industry enables us to provide strategic and operational services to help marine dealers through “human” and “economic” aspects of succession. This includes but is not limited to organizational and job description changes and/or tweaks, assessments, training, coaching and development of key people , as well as proven balance and operational profit and loss guidelines for successful transitions.

THE STANEK GROUP AT MORGAN STANLEY

The Stanek Group at Morgan Stanley – Tony Perrelli, Financial Advisor – As an MRAA member, it is likely you are faced with an increasingly complex environment, which makes planning for your exit more challenging. Proper guidance can be a critical component of your long-term success. MRAA and The Stanek Group at

Morgan Stanley will work with you to assist you to better protect and grow your wealth as you plan for your exit through the Second Opinion Service.

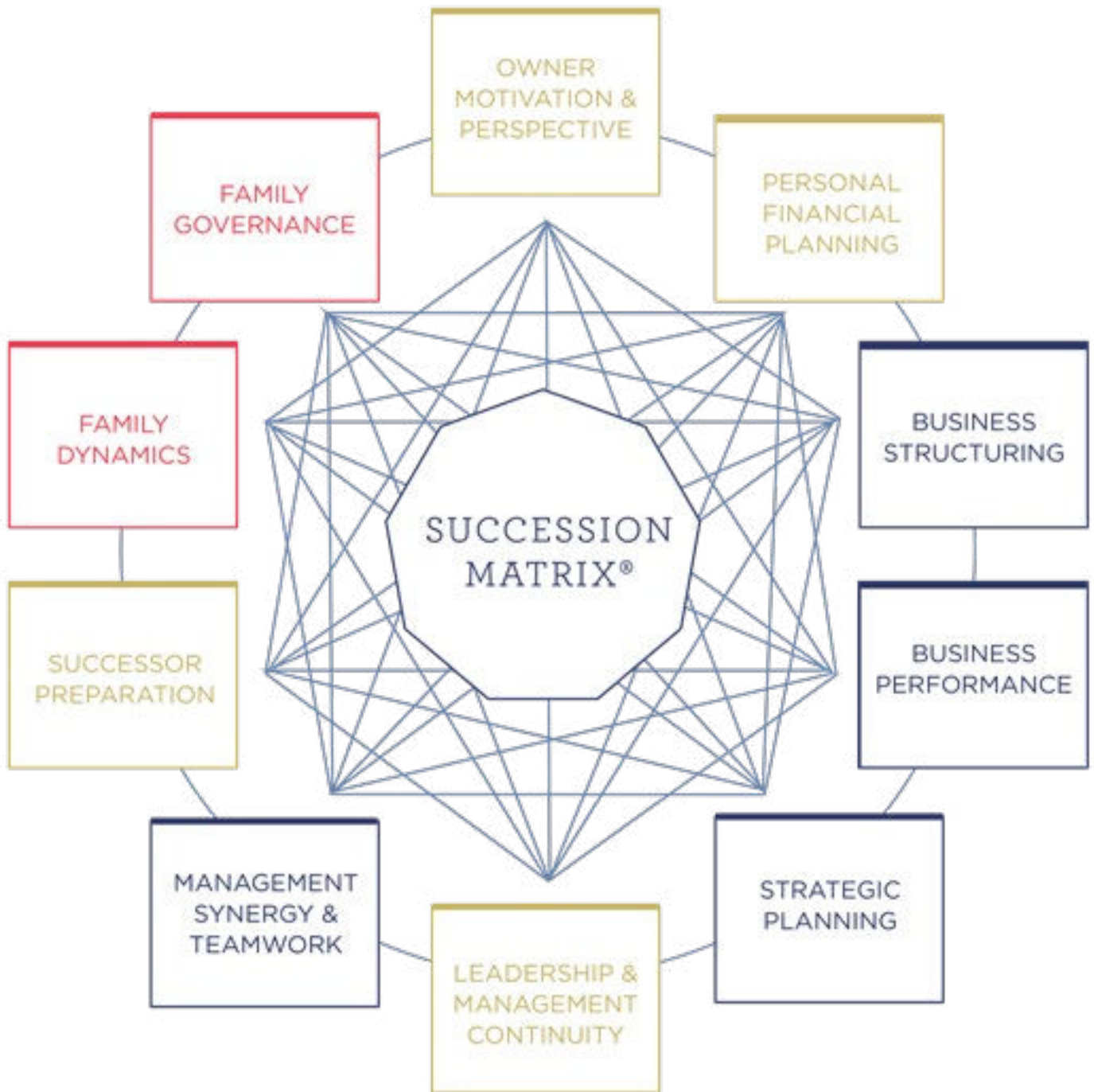
Through the Second Opinion, we can help you:

- Decide the best strategy to exit your business.
- Understand the value of your business.
- Structure your exit to seek to lead the lifestyle you deserve in retirement.
- Quarterback the full process.

BUSINESS SUCCESSION PLANNERS: Morgan Stanley Smith Barney LLC. Member SIPC, 227 West Monroe Street, Suite 3400, Chicago, IL 60606

To learn more about how you can work with these partners, click [here](#).

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