



# 2021 Family Business Conference:

Courage in the times of uncertainty

**Transition:** Handing over to a non-family CEO -

The family perspective

7<sup>th</sup> KPMG Family Business Conference

# Key things to remember when choosing a non-family CEO

- It is an evolutionary process, not an event.
- Identify the successor and groom them in all aspects of the business.
- Ensure incoming CEO understands not only the business, but also the culture within the business, which will be underpinned by the family values.
- Have a mentorship relationship with the incoming CEO.
- Appointing a non-family CEO is ultimately about the sustainability of the business, and is separate to the potential sale of the business. It can be viewed as positive that there is focus on the business, not just the family.
- The Board to drive and take responsibility for the decision-making process in respect of the new CEO, family or non-family.
- Have a clearly defined transition plan with the incoming CEO.
- Regular communication, with reviews and consultation are imperative to a smooth transition. Family executives/non-executives having 'catch-up' sessions with the CEO can assist in keeping a family lens on the business, while acting as a sounding board.
- Incentivising a non-family/external CEO is a challenge. Share Appreciation Rights may be the best mechanism without giving up family ownership, but still provides performance incentive.



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