



# Harvesting—Business Succession Teachers Guide



## Relevant National Content Standards for Entrepreneurship

Entrepreneurial Skills	
The Processes and Traits/Behaviors associated with entrepreneurial success.	
	<b>Entrepreneurial Processes</b> Understands concepts and processes associated with successful entrepreneurial performance
<b>Harvesting</b>	
A.35	Explain the need for continuation planning
A.36	Describe methods of venture harvesting
A.37	Evaluate options for continued venture involvement
A.38	Develop exit strategies

In the last Targeted Teaching Topic, Harvesting was examined from the perspective on how successful entrepreneurs must eventually make a decision on how far and how fast to grow. Another aspect of harvesting is that of succession.

Succession refers to the transfer of a business to another owner. Succession is an important topic in the study of entrepreneurship. It is a part of strategic planning; it is a part of *life* planning. For many successful entrepreneurs, the business has been a passion into which they have poured their very hearts and souls. Most want to have the business live on after them, but few plan for that. A succession plan should be just as much a part of a business plan as the financing, marketing, and other phases.

### Options for transferring businesses are:

1. Sell the business to a family member
2. Sell the business to employees/management
3. Sell the business to a third party
4. Shut the business down and sell it “piecemeal” (liquidation)



### Discussion Guide:

- Have students read the “Harvesting—Business Succession” Targeted Teaching Topic page 7 of Nebraska E-News Monthly-June 2006
- Ask them why they think most business owners would prefer to have the business transfer to a family member. Ask one of your students to act as a “scribe” to write down the class responses to the question. Add your own personal ideas and insights. Also, if you have a personal family story to share about business succession, this is a great time to share it.
- Have a blank master of the handout on a transparency or simply divide the whiteboard/chalkboard into quadrants. Ask your scribe to enter the responses volunteered by members of the class as you ask them for their best thoughts related to each option for business succession.
- Distribute the Business Succession case study. This can be an individual assignment or small group discussion.
- Allow adequate time for completion either in or out of class.
- Discussion Considerations: Allow time for an open-ended discussion. There is no one “right” answer. Allow all opinions to count, but ask probing questions to make them justify their answers. Really explore the possibilities for hurt feelings, damaged family relationships, harming the business, losing equity, etc. Ask them if they would want to be business partners with a sibling/family member. Explore the “whys” and why nots.”

Reference Source: *Will You Be Ready for the Finish?—Destination Succession: The Business Trek*, Nebraska Business Development Center-Wayne State College, [www.wsc.edu/nbdc/nfbc/](http://www.wsc.edu/nbdc/nfbc/).