

Business Succession Outcome Planner

For Business Owners

While it may be difficult to begin the process of business succession planning, one tool that can help business owners is the process of mapping out varied outcomes. With careful consideration of these outcomes, business owners can be better equipped for a strategy focused on lasting success.

When we start with the idea of **prospective hindsight**¹—imagining an event that has already occurred— we can tap into deeper insights and fill in the blanks to help you prepare for a future business succession.

A tale of two stories

Select a moment in the future² (typically 1-10 years out) and begin by mapping out a story of the worst outcome, as if it had already happened, known as “A Spectacular Failure.” Next, construct a second story to map out a new future, known as “A Brilliant Outcome.”

STORY 1: Pre-mortem A Spectacular Failure

Accept that the plan had failed and imagine a disaster

Ex: The family members dismantle and sell off business at a massive loss.

List reasons for failure

Examples:

- *Influx of cash proved to be too much, too soon, leading to overspending*
- *Use of funds didn't align to unspoken expectations (hiring based on relationship—not merit)*
- *Direction of business changed, and is inconsistent with family values*

Protect against risk factors

Examples:

- *Ensure cash flows incrementally, leveraging experiential learning for insights*
- *Dialogue on expectations and establish guidelines for success*
- *Dialogue and establish purpose to enforce and ensure family values*

STEP 1

Select a term in the future (1-10 yrs.) and use your natural ability to tell a story that “already happened.”

STEP 2

Create a list of all the plausible reasons that contributed to the outcome of this scenario.

These factors collectively create a blueprint of risks to manage and opportunities to strengthen.

STEP 3

Step back. Actively adjust and strengthen your plan. Address the most relevant items with the greatest potential impact first.

STEP 4

Monitor. Periodically review your list and consider and respond to what may be emerging.

STORY 2: Pro-mortem A Brilliant Outcome

Accept that the plan succeeded and imagine an excellent outcome

Ex: The family business thrives and achieves the family purpose

List reasons for success

Examples:

- *Clear understanding of purpose and shared guidelines for running business*
- *Funds used in balanced way to grow the family capital*
- *Strong community and philanthropic engagement, and ongoing core competency development*

Bolster Success Factors

Examples:

- *Ongoing family meetings to bolster responsibility, ensure adherence to guidelines, and build learning competencies.*
- *Incorporate trusted advisors to help reasoned risk taking, “attemptive learning”*

INVESTMENT AND INSURANCE PRODUCTS:

- NOT A DEPOSIT • NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
- NO BANK GUARANTEE • MAY LOSE VALUE

Who we serve

Enterprising families
Business owners
Entrepreneurs

How we partner

The **Wealth Planning & Advice Team** and the **Family Engagement & Governance Team** collaborate to deliver a comprehensive and purposeful advisory experience that balances business owners' needs for both technical and structural advice, and qualitative discovery and guidance. Your advisor can bring these teams to work with your tax and legal advisors to help protect and grow your legacy.

We invite you to consider us as a partner for your family.
To learn more, please contact your advisor.

¹Prospective Hindsight: imagining that an event has already occurred originated based on the work of decision researchers J.Edward Russo and Paul J.H. Schoemaker. Research by Deborah J. Mitchell (Wharton), Jay Russo (Cornell) and Nancy Pennington (University of Colorado) found that using Prospective Hindsight increases the ability to identify reasons for future outcomes by 30%.

¹Adapted from process developed by decision researcher Gary A. Klein. Gary A. Klein, "Performing a Project Premortem," Harvard Business Review, September 2007



This is not a commitment to lend. All extensions of credit are subject to credit approval. Bank products and services are offered by JPMorgan Chase Bank, N.A. and its bank affiliates.

JPMorgan Chase & Co. and its affiliates do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your personal tax, legal and accounting advisors for advice before engaging in any transaction. Past performance is no guarantee of future results.

J.P. Morgan Wealth Management is a business of JPMorgan Chase & Co., which offers investment products and services through **J.P. Morgan Securities LLC (JPMS)**, a registered broker-dealer and investment adviser, member FINRA and SIPC. Insurance products are made available through Chase Insurance Agency, Inc. (CIA), a licensed insurance agency, doing business as Chase Insurance Agency Services, Inc. in Florida. Certain custody and other services are provided by JPMorgan Chase Bank, N.A. (JPMCB). JPMS, CIA and JPMCB are affiliated companies under the common control of JPMorgan Chase & Co. Products not available in all states.

© 2024 JPMorgan Chase & Co. All rights reserved.