



Every business owner will eventually step away from their role—whether by choice or by circumstance. That transition may come through a sale, a planned exit, or an unexpected event. The real question is not *if* it happens, but how prepared you are when it does.

### **Business Transition Readiness Scorecard**

#### **Scoring:**

- 3 = Best practice in place
- 2 = Partially in place
- 1 = Needs improvement
- 0 = Not in place

#### **1. Transition Key Person Identified**

Have you clearly designated a transition key person who will take responsibility for leading the business transition if you are no longer able to do so?

- 3 = Best practice in place
- 2 = Partially in place
- 1 = Needs improvement
- 0 = Not in place

#### **2. Transition Key Person Plan Awareness**

Does your transition key person understand the steps required to either transition or stabilize the business in your absence, including:

- Managing and collecting accounts receivable
  - Initiating or coordinating the sale of the business (timing considerations)
  - Communicating with key vendors and customers to maintain confidence and continuity
- 3 = Best practice in place
  - 2 = Partially in place
  - 1 = Needs improvement
  - 0 = Not in place

#### **3. Legal & Financial Authority**

Does your transition key person who have the legal authority and emergency decision-making ability to conduct financial transactions and make critical business decisions if needed?

- 3 = Best practice in place
- 2 = Partially in place
- 1 = Needs improvement
- 0 = Not in place

#### 4. Access to Critical Systems

Does your transition key person have secure access to all essential systems, including usernames, passwords, and operational tools required to run the business?

- 3 = Best practice in place
- 2 = Partially in place
- 1 = Needs improvement
- 0 = Not in place

#### 5. Advisor Network Awareness

Does your transition key person know who your professional advisors are (e.g., financial advisor, CPA, attorney) and how to engage them during a transition?

- 3 = Best practice in place
- 2 = Partially in place
- 1 = Needs improvement
- 0 = Not in place

#### 6. Centralized Information Repository

Have you organized a central, up-to-date repository (binder, digital file, or secure storage) containing all key business information needed to operate or transition the business?

- 3 = Best practice in place
- 2 = Partially in place
- 1 = Needs improvement
- 0 = Not in place

#### Total Possible Score: 18

##### 15–18 | Well Prepared

You've taken strong steps to ensure your business can operate or transition smoothly without you. Only minor gaps may exist—fine-tuning your plan will further strengthen your position.

##### 10–14 | Moderately Prepared

You have some important elements in place, but there are noticeable gaps that could create challenges during a transition. With focused improvements, you can significantly increase stability and confidence.

##### 5–9 | At Risk

Your business may face disruption if you're suddenly unable to lead. Key systems, authority, or communication plans are not fully developed and should be addressed soon.

##### 0–4 | Unprepared

There is little to no structure in place to support a transition. Immediate action is recommended to protect the value of your business and ensure continuity.

Any score below 15 indicates areas where your business may rely too heavily on you.