

Succession Planning and Exit Planning Aren't the Same Thing – Both are Critically Important

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At a glance, succession planning and exit planning might seem interchangeable. Both involve the future of a business beyond its current leadership. Both are triggered by the idea of stepping back, moving on, or selling. And both are critical to long-term sustainability.

But, in truth, they are very different.

And confusing the two can lead to major gaps – especially when it comes to people.

Exit Planning: The Business Side of Transition

Exit planning is about the owner. It's the financial, legal, and operational strategy to transition out of the business. This includes:

- » Valuation
- » Tax and estate planning
- » Deal structure
- » Timing of sale or transfer
- » Ownership changes
- » Retirement logistics

Think of it as the blueprint for how the owner exits – whether that's through a third-party sale, a management buyout, or passing the business to family.

It's essential, for sure, but it's not the whole picture.



Succession Planning: The People Side of Transitions

Succession planning is about the *business*. More specifically, it's about the people who will continue to run it once the current leadership steps away. This includes:

- » Identifying future leaders
- » Developing internal talent
- » Clarifying roles and decision rights
- » Creating continuity in culture, operations, and strategy
- » Aligning leadership capability with business needs

Succession isn't just about replacing a CEO or key leader. It's about ensuring the business/department is ready to function without them.

Why the Confusion?

Because generally you can't exit a business without having someone to succeed you. That's why the two are often bundled together. But in practice?

Most exit plans are built without a clear or capable leadership bench in place.

Owners get so focused on valuation, legal structure, and timing that they assume someone will "figure it out" on the people side. They assume their current leadership team will step up – or that someone can be hired at the last minute.

Hardly ever will those things be true.

The Hard Truth: No Leadership, No Exit

Here's what I've seen time and again:

- » A business owner has a buyer lined up, then the buyer realizes the company can't run without the owner. The deal is dead.
- » A CEO plans to retire but realizes midstream that their leadership team isn't ready to run things. They must delay their dreams.
- » A founder wants to step back, but never invested the time needed to groom a successor.

In all these scenarios, the exit plan is moot because a true succession plan was never in place.

Without a capable, trusted, and empowered leadership team in place, you're not exiting – you're abandoning. And that's not an ethical option for most leaders.

To Right the Ship: Develop Future Leaders

Succession planning isn't just naming names. It's building readiness throughout the organization and throughout generations. That means:

- » Assessing and anticipating future-leadership potential – not waiting for individuals to have proved themselves first
- » Coaching and developing employees in the "pipeline"
- » Clarifying expectations, roles, and authority
- » Giving future-leaders real responsibility – and the space and time to succeed (and fail)
- » Creating a leadership culture that's bigger than one person who dictates what happens at every step down the line

This takes time. It takes intention. And it often takes help from people outside the business to assess talent, provide skill-building professional development, and be an unbiased coach. But it's the only way to ensure a business survives and thrives after the owner/key leader is out of the picture.

So What Comes First?

Both succession planning and exit planning matter. But succession starts much earlier. Why?

Because developing leadership skills is not a fast process. And failing to develop these skills in your employees means that you are ensuring a buyer, partner, or family member will inherit chaos. Long-term success means creating a business with a clear vision and leaders with the ability to operate without handholding.

Succession planning creates that.


It's the insurance policy that says, "This business can stand on its own."

Final Thought

If you're an owner or CEO thinking about the future, ask yourself:

- » Have I built a business that can operate without me?
- » Who is ready to lead when I step back?
- » What gaps exist in my leadership bench?

If those answers aren't clear, the next step isn't a valuation or an exit strategy. It's a people strategy.

Succession planning isn't the same as exit planning. But without it, exit planning is moot. 



About the Author

Dr. Nanette Miner is an expert in building ready and capable leadership teams for succession and exit.

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