THE TRANSITION PLAYBOOK

YOUR NAME: ______________________ **COMPANY:** ________________________

This playbook walks through the six steps of a deliberate transition–from defining your future role before you announce anything, to resisting the gravitational pull once your successor is in place.
The goal isn't just a clean exit–it's setting yourself (and your company) up for what comes next.

STEP 1: Define Your Future Role

(Month 1)

You're stepping OUT of something. What are you stepping INTO?

Take time to think and write down your honest answer to the question - "In 12 months, what is my relationship to this company?"

Common options:

- **Strategic Owner/Board Chair:** *Set direction, evaluate leadership, ensure vision alignment. Don't execute.*
- **Available Advisor:** *Accessible for specific challenges but not involved in weekly operations*
- **Active Investor:** *Focused on enterprise value, transaction readiness, and key relationships*

Action item: Write a one-page role definition for yourself in 12 months. Be specific. Ambiguity here will sabotage everything else.

My Future Role:

STEP 2: Audit Your Current Responsibilities

(Month 2)

List everything you currently own. Be exhaustive. Then categorize each item. Print additional copies of the next page as needed.

Category A - Must Stay With You:

- Owner-level decisions (major pivots, M&A, capital structure)
- Board relationships
- Key investor/partner relationships

Category B - Transition to New CEO/President:

- Day-to-day operations
- Team management and development
- Execution of strategy
- Customer/client escalations

Category C - Transition to Functional Leaders:

- Department-specific decisions
- Operational improvements
- Hiring below the executive level

Category D - Systematize (Remove Individual Ownership):

- Recurring decisions that should have documented frameworks
- Approvals that could be automated or eliminated

Current Responsibilities	Category
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D
	A / B / C / D

Now that you have everything listed and categorized, calculate how many responsibilities fall under each category:

A: ____________ B: ____________ C: ____________ D: ____________

Reality check: Most founders discover their Category A list is 20% of what they thought. That's the point.

Next Steps:
Now that you've considered your current and future roles within the company, continue on to the next section to define how you'll spend your newfound free time.

STEP 3: Find Purpose for Your Personal Time

(Months 3+)

As you prepare your business for a major transition, you must also prepare yourself. What will replace the hours created by transitioning away from the Category B, C, and D items you listed in Step 2? The key to a successful exit is figuring out how you will fill that void with something that feeds your soul.

Use the following pages to brainstorm what you are (or aren't) moving toward in your next chapter.

Personal Pursuits

What will your professional identity look like outside of the Operator Seat?

- [ ] Alma Mater Participation

    Roles to explore (e.g., guest lecturer, programming):

    ___

    ___

    ___

- [ ] Philanthropic Work

    Causes of interest:

    ___

    ___

    ___

- [ ] Hobbies

    Interests to pursue (e.g., cooking, golf):

    ___

    ___

    ___

    ___

    ___

Professional Pursuits

What will your professional identity look like outside of the Operator Seat?

- [ ] Board Positions *(Tip: Work with a search firm's board practice group or leverage existing contacts)*

  Target Industries/Companies:

  Key Contacts to Reach Out To:

- [ ] Next Business Venture

  Ideas/Industries to explore:

- [ ] Investing

  Focus Areas/Industries/Stages:

- [ ] Mentoring

  Who do I want to help?:

Other

- [ ] Additional interests or ideas to pursue:

Action Plan

List three concrete actions you will take in the next 6 months to start building this new chapter:

1. Begin the process of separating your technology from the business.
   Note: Prepare for the worst case scenario where you may be cut off from your email immediately after the sale without time to separate your personal from professional technology.
   a. Secure the email domain for your name or initials @ companyFOUNDER.com
      Example - Shelly Sun Berkowitz's post-sale email became SSB@brightstarfounder.com
   b. Begin forwarding or moving all personal email files such as tax returns, investment statements, and bank statements from the company servers.
   c. Begin to use the new email for personal interactions, as well as personal and professional pursuits to make the transition easier.

2. ______________________________

3. ______________________________

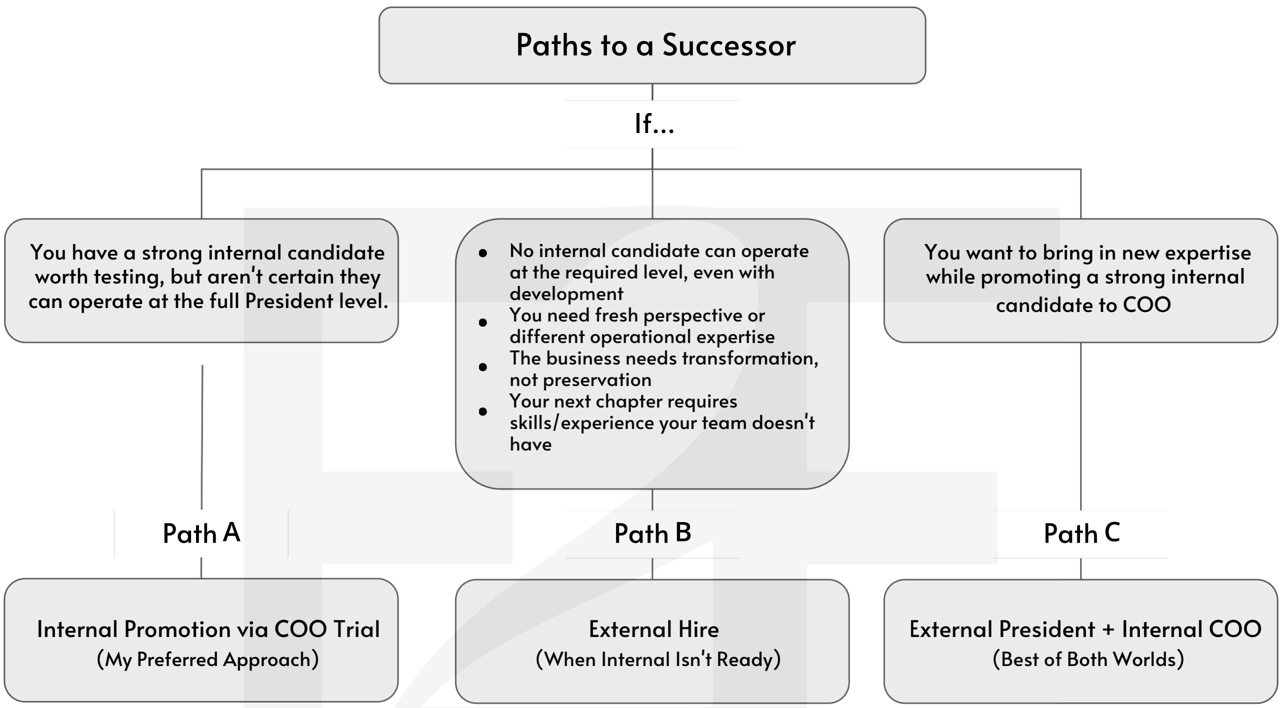
4. ______________________________

Next Steps:
Continue on as we dive back into the operations side of the playbook, covering the framework for finding your successor and how to deliberately execute the handoff.

STEP 4: Find or Develop Your Successor

(Months 3+)

The Three-Path Decision Framework



Path A: Internal Promotion via COO Trial (My Preferred Approach)

Use this when you have a strong internal candidate worth testing, but aren't certain they can operate at the full President level.

The COO Proving Ground *(6-12 months)*:

- Promote to COO with clear, measurable business objectives
- Define specific milestones with 6- and 12-month targets that demonstrate President-level readiness. Assess your candidate's progress at the 4 month mark.
  - If they are off track, pivot to Path 3 and begin your search for an external President.
  - If they are on track, continue toward a transition.
- Set explicit metrics: revenue targets, EBITDA goals, operational KPIs, team development outcomes
- Document what "success" looks like and what triggers promotion vs. external search at the 6- and 12- month marks. If anything is off, don't hesitate to begin your search for an external President.

Why this works:

- De-risks the decision with a structured evaluation period
- Preserves institutional knowledge and culture
- Creates your future COO if you hire an external President (they'll need one)
- Gives the candidate real authority to prove capability, not just potential

Example milestones for COO trial:

- Achieve X% revenue growth while maintaining EBITDA margins
- Successfully execute [specific strategic initiative] without founder involvement
- Develop and retain leadership team with minimal turnover
- Demonstrate decision-making authority on [operational areas]
- Run business independently during founder's 2+ week absence

Critical: *Make it a real trial, not a courtesy promotion***.** *Be explicit upfront: "Here's what President-level performance looks like. If you hit these marks, the role is yours. If not, we'll search externally and you'll be COO to that hire."*

Path B: External Hire (When Internal Isn't Ready)

External hire if:

- No internal candidate can operate at the required level, even with development
- You need fresh perspective or different operational expertise
- The business needs transformation, not preservation
- Your next chapter requires skills/experience your team doesn't have

Path C: External President + Internal COO (Best of Both Worlds)

Bring in an external President for new expertise while promoting a strong internal candidate to COO. This combination:

- Brings fresh strategic perspective
- Preserves institutional knowledge
- Creates clear succession pipeline
- Provides external hire with operational partner who knows the business

The CEO Title: Earn It, Don't Grant It

Regardless of path, reserve the CEO title for 2 years post-President promotion or hire.

Why wait:

- Titles matter. CEO signals ultimate authority—they need to earn that, not inherit it
- Creates clear performance milestone with real stakes
- Ties CEO title (and related compensation/perks) to demonstrated results, not tenure

The CEO Promotion Criteria:

- Revenue: $X achieved or Y% growth
- EBITDA: $X or Y% margin maintained/improved
- Strategic objectives: [specific to your business]
- Leadership: Team stability, succession planning, culture metrics
- Independence: Business runs without founder involvement

Action Item: *Write the promotion criteria now. Put it in their offer letter or promotion memo. Make it objective, measurable, and non-negotiable.*

Critical hiring principle (applies to all paths): *Hire for the next chapter, not the last one. Don't hire someone who does what you did. Hire someone who does what the business needs next.*

Action items:

- Choose your path based on internal readiness and business needs
- Define the role based on company needs 36-60 months out
- Be explicit about authority vs. responsibility (they need both)
- Set clear success metrics for COO trial period (if applicable)
- Document CEO promotion criteria with measurable targets
- Set milestones: 90 days, 6 months, 12 months, 2 years (CEO evaluation), 3 years, 5 years

STEP 5: Execute the Transition

(1st year post-hire, dependent on Path)

Warning: *Don't rush this process. Premature exits create chaos. Prolonged half-transitions create confusion about who's actually in charge.*

Phase 1: Shadow Period (Months 1-3)

- New leader observes and learns
- You're still making final calls
- They attend all key meetings and decisions
- Weekly debriefs on "why did we decide that?"

Phase 2: Reverse Shadow (Months 4-6)

- They make decisions, and you observe
- You coach and advise, but don't override
- Start removing yourself from operational meetings
- Bite your tongue frequently

Phase 3: Full Transition (Months 7-9)

- They're fully in the operator seat
- You're in your new defined role
- Stop attending operational meetings unless specifically requested
- Communication shifts to your new cadence
- You approve the budget and then the President has authority for the hires within it as long as EBITDA is on budget

Phase 4: Independence (Months 10-12)

- Business runs without your regular input
- You're available but not involved
- Successor owns the outcomes
- Authority levels are explicitly defined for unbudgeted hires and expenses

Next Steps:
You're almost to the finish line. In our final section, we will cover how to establish new rhythms, set clear approval boundaries, and resist the pull back into day-to-day operations.

STEP 6: Establish New Rhythms

(Ongoing Post-Hire)

Define Your Communication Cadence:

- Weekly 1:1s with successor → gradually become biweekly → monthly
- Monthly dashboard review (metrics only, no operations)
- Quarterly strategy sessions
- Annual planning involvement

Set Clear Approval Boundaries:

Vague: *"Run major decisions by me."*

Clear: *"Require my approval for: executive hires/terminations, capital expenditures over $X, new market expansion, unbudgeted expenses above x, unbudgeted new hires, any M&A discussions"*

Create Information Flow:

- What metrics do you see automatically?
- What updates require proactive communication?
- What constitutes an emergency that pulls you back in?

Action item: *Document this in writing. Share it with your successor and leadership team.*

STEP 7: Resist the Gravitational Pull

(Ongoing)

The business will try to pull you back. Your team will reach out. You'll see things you'd do differently. Here's how to resist:

Create Structural Friction:

- Don't attend operational meetings
- Remove yourself from daily communication channels
- Work from a different location or on different days

Enforce Communication Boundaries:

- Channel all feedback through your successor, not around them
- If someone reaches out directly, redirect: "Have you discussed this with [successor]?"
- Protect your successor's authority even when you disagree

Give It Time to Be Different: *Your successor will do things differently. Some better, some worse, most just different. The question isn't "is this how I'd do it?" but "is this working?"*

Set a mental timer: *"I won't evaluate major changes for 90 days unless there's a genuine crisis."*