

Management Tool #B-32: ©

Succession Planning & Exit Strategies...why you need an expert Advisor Team:

Planning and executing your Succession Plan, sale and exit from your business is likely the biggest financial event of your life and it's not a 'do-it-yourself' project. Whether your plan is to sell the business to family member(s), an employee team or an outside 3rd party, it is a complex task with many 'moving parts' and costly pitfalls. The process generally takes 3 to 6 years to plan and execute smoothly, securely and profitably.

A) Some of the tasks, services and advice that an expert Advisor Team may be required to deliver:

1. Set clear exit goals, including financial requirements and a timeline.
2. Develop an ownership transfer strategy for the business. Will it be sold to family member(s), an employee team or an outside 3rd party?
3. Plan and implement a life insurance strategy to support the ownership transfer strategy selected in item #3.
4. Assess the capabilities and suitability of possible internal successors.
5. Develop and oversee a Plan for the coaching and training of family members and members of the management team to run the business leading up to and after the sale. Often the current business owner is not the best person to carry out all aspects of this 'next generation' training and development.
6. Develop strategies for building more value in the business to increase the eventual value and selling price of the business.
7. Develop strategies to keep key employees on board before and after the sale.
8. Develop strategies to navigate the complex and potentially punishing tax implications of the sale of the business.
9. Realistically valuing the business.
10. Create a financial and investment plan that compliments the anticipated revenue from the eventual sale of the business.
11. Finding a buyer if selling to a 3rd party outsider is the agreed strategy.
12. Negotiate and facilitate the sale, whether to family members, an employee team or to a 3rd party buyer.
13. Financing the sale if it's to family members or an employee team.
14. Properly document all agreements and contracts.
15. Decide on and set up any charitable gifts or Trusts and choose trustees, if required.

16. Develop a plan to deal financially with all family members, including those who have not been involved in the business.
17. Protect the current business owner until fully paid out.
18. Create an investment plan for the prudent investing of the proceeds from the sale of the business.
19. Create an estate plan and a Will to implement it.
20. Help in refocusing and repurposing your 'life after the business'.

B) Who should be on your expert Advisor Team?

Depending on the size and complexity of your business, and the tasks, services and advice that you will need from the list in Section A, you may need anywhere from three to nine different advisors on your Advisor Team. Below is the full list of potential advisors. Several of them are absolutely essential.

1. An experienced Exit Planning Advisor.
2. An accountant with extensive experience in succession and exit planning and execution. This may not be your existing accountant.
3. A lawyer with extensive experience in succession and exit planning and execution. This may not be your existing lawyer.
4. A Business Coach to help develop strategies to add more value to the business and to coach the next-generation of managers to take over running and growing the business.
5. Certified Business Appraiser.
6. Life insurance expert.
7. Business broker (generally for sales under \$5 million) or Investment Banker (generally for sales over \$5 million).
8. Financial Planner.
9. A life coach or trusted personal advisor to help you in refocusing and repurposing your 'life after the business'. Many business owners fail to prepare themselves for life after business.

C) Where do you find these expert Advisors?

Depending on where your business is located, this will be more or less of a challenge. If you have access to one key Advisor Team member through a business friend, mentor or top legal or accounting firm, they will likely know other effective experts to join the team. Always ask for and check references.

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