

# SUCCESSION PLANNING GUIDE FOR BUSINESS

*How to exit from your  
business?*

## A good succession plan can help:

- Transfer ownership when the time comes
- Maintain your lifestyle in retirement
- Provide for your heirs financially
- Prepare the business to handle unexpected events



## Why is a succession plan so important?

Life happens—and unless you have a plan to deal with the unexpected, the business you worked so hard to build could crumble if you become disabled, die, get divorced or decide to split with your business partner.

Think of a succession plan as peace of mind for the business you've worked so hard to build.

In this guide, learn how to develop a succession plan that works for your business.

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- ✓ Decide how to exit your business
- ✓ Think about your own successor
- ✓ Conduct a business valuation
- ✓ Prepare for transition
- ✓ Do a trial run of your succession plan
- ✓ Review your plan regularly

## Decide how to exit your business

To decide how to exit your business should you first consider whether do you plan to:

- Transfer the business to your heirs
- Sell the business to your business partner/s
- Sell the business to a key employee
- Sell the business to an outside buyer



## Think about your own successor

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If you opt to require advantage of a replacement opportunity or retire from the workforce, even your role could someday require backfilling. When making a succession plan for your organization, make certain to incorporate your own position. Which employee could you see getting into your shoes one day? And what are you able to do, starting now, to assist that person steel oneself against the transition?

Your staff members aren't fixed assets — and changes in your team's lineup are inevitable. You may not always be able to predict a valued employee's departure from the firm. But through effective succession planning, you can pave the way for the continuity so critical to your business's future.

## Conduct a business valuation

Even if you aren't planning to sell your business, conducting a business valuation has many benefits. It helps you develop a retirement income strategy, properly value future owners' shares, and purchase adequate insurance for protection planning. It can even make it easier for your business or potential buyers to get loans or attract investors.

## Prepare for transition

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The transition period to new ownership is a vulnerable time for a business. Prepare both your successor and your business for a smooth hand-off.





## Do a trial run of your succession plan

Don't wait until there's a staffing crisis to check whether an employee has the proper stuff to assume a more advanced role. Have a possible successor assume some responsibilities of a manager who's taking a vacation. The employee will gain valuable experience and appreciate the chance to shine. And you'll assess where that person might need some additional training and development.

# Review your plan regularly

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Creating a succession plan is a big accomplishment, so give yourself a pat on the back. But don't just file your plan away and forget about it. Over the years, key employees may leave your business, family members may lose interest in taking the reins, and your own plans for your future may shift. Reviewing your succession plan annually with your team of advisors will help ensure a successful and seamless transition — no matter when or under what circumstances it happens.



# CONTACT BizProf Echange

## BUY BUSINESS



## SELL BUSINESS

