



# HOW TO PROSPER FROM SUCCESSION PLANNING: IT'S ALL IN THE TIMING

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**50% OR MORE**  
OF BUSINESS OWNERS  
DO NOT LEAVE THEIR  
BUSINESS ON A  
VOLUNTARY BASIS.

**A recent survey prompted me with a stark reminder: 50% or more of business owners do not leave their business on a voluntary basis.**

What does that mean exactly? Well, it means that there are disagreements that occur in small businesses that result in an ownership change. There are often key employee successor relationships that dissolve. And, unfortunately, there are health issues and untimely deaths that force business owners to leave involuntarily.

Bearing in mind that it is more likely than not that you will leave your business involuntarily, can I convince you that you should start planning today? I would hope so. I'd imagine your family, employees and customers would hope so as well.

### **ELIMINATE RISKY BUSINESS**

The truth is, business succession planning is risk management. It is wealth preservation. It is being responsible. You have many people relying on you – your family, employees, customers, investors, creditors, etc. All of these parties are affected if you don't properly plan.

So when is the right time to start planning? Ideally, the best time to document your business succession plan is when you start the business. "Begin with the end in mind," as Stephen Covey says. Plan for the unexpected events when you start the business. However, most owners fail to do this because they are consumed with and focused on building a successful business.

However, if you're like most business owners – knee-deep in the daily operations and project planning – the next best time is: now. Now that you have built a business that has value, it is time to protect that value. You'll want to protect all assets, tangible and intangible. Take a moment

to evaluate experienced, key employees. Ascertain the fair value of your ownership should something happen to you. Assess your key agreements with customers. Communicate plans with shareholders. All of these steps will protect owners and safeguard the business. This is the essence of succession planning.

## RELAX BEFORE YOU RETIRE

While most of our clients start business succession planning at the point in their life when they are considering retirement – generally less than 10 years from a planned retirement date – statistics show that exiting business owners fare better when they have a documented business succession plan long before they are considering retirement. They typically can enjoy a more prosperous business exit and retirement lifestyle.

33%

Yes



**Do you have provisions in place if key personnel or shareholders should get ill, die, or otherwise exit the company?**

**33% OF PEOPLE SURVEYED ANSWERED YES**

**67% OF PEOPLE SURVEYED ANSWERED NO**

*Source: Exit Planning Institute, State of Owner Readiness Survey, 2016*

67%

No





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*Interested in getting started?* Sikich offers a complimentary meeting with business owners, and their spouses, to identify business and retirement goals as a first step in the business succession planning process. Start now and prosper later.

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