

# Business Succession

## A 10 Step Checklist

### 1. Establishing Goals & Objectives

- ☐ Identify the need for a succession plan.
- ☐ Develop the vision, goals, and objectives of the business.
- ☐ Determine the importance of family involvement in leadership and ownership of the company.
- ☐ Establish personal retirement goals and cash flow needs.
- ☐ Identify family members' goals.
- ☐ Establish team of professional advisors (lawyer, accountant, bankers, financial advisors, insurance specialist).

### 2. Decision Making

- ☐ Involve family members in the decision-making process.
- ☐ Establish a method for dispute resolution.
- ☐ Document the succession plan in writing.
- ☐ Communicate your succession plan to family/stakeholders.

### 3. Successors

- ☐ Identify your successors.
- ☐ Identify active and non-active roles for all family members.
- ☐ Identify required training for the successor(s).
- ☐ Provide necessary training to the successor to ensure the future of the business.
- ☐ Will the retiring owner remain involved in the business? If so, define the role.

### 4. Estate Planning

- ☐ Address taxation implications to the owner/business upon sale or transfer of ownership.
- ☐ Does your estate have enough liquidity to pay for estate taxes?
- ☐ Have you considered a buy sell agreement?
- ☐ Develop estate and personal financial plan for owner, spouse and succeeding generation.
- ☐ Provide for active and non-active family members. Will non-active family members receive an equitable share of assets?

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### 5. Consider

- ☐ Tax strategies and implications.
- ☐ Legal implications.
- ☐ Business structure options (e.g. sole proprietorship, partnership, corporation, etc.)
- ☐ Business agreements.
- ☐ Insurance needs (health, life, disability, etc.)

### 6. Contingency Planning

- ☐ Identify potential problem areas.
- ☐ Dispute/conflict resolution mechanisms have been considered and addressed in business agreements.
- ☐ Develop “what if” scenarios including action plans.

### 7. Business and asset valuation

- ☐ Obtain appraisal to determine fair market value of business and real estate.

### 8. Exit Strategy

- ☐ Determine method of transfer.
- ☐ Establish a timeline for implementation of the succession plan.
- ☐ Publish the plan so that affected individuals are aware.
- ☐ Communicate regularly with all affected parties.

### 9. Implementation / Follow-Up

- ☐ A timetable has been established and is being followed.
- ☐ Review the plan on a regular basis and update as necessary.

### 10. Document maintenance

- ☐ At a minimum, the all the following current documents are maintained in a file:
  - Legal will.
  - Power of attorney(s).
  - Tax returns, financial records and financial statements for last five years.
  - Legal documentation