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Succession Planning - Planning to Succeed

Have you thought about the future of your business?
It is never too early or too late to think about succession planning for your business, however, it is strongly recommended that you start thinking about making a plan from the first day of ownership, regardless of whether you wish to own the business for 3 years or 35 years. Things change constantly in business, so by having a succession plan allows you to prepare for the unexpected, even though the plan may change throughout the years. Nobody wants their hard work and invested time to go to waste when they decide it’s time to step back.

Break down the wants and needs
When considering the future of your business, you must start with yourself. What is it you want at the point you decide to exit or retire from the business. What do you require from the business in order to achieve your preferred lifestyle. Once you have decided this, you must then consider who may be next in line. Will it be family, someone already working in the business or someone new to the business who takes over? Is this new person, or people, ready to run the business or do they need some grooming to be prepared? The forgotten question is often, do they actually want to take on the challenge?

Plans and Timing
We always suggest to clients, its best to plan for the worst and hope for the best. How would your business cope if you unexpectedly couldn’t be there for an extended period of time or never? Are there enough people in the business that know how to keep it ticking over without losing business value?
Timing of succession planning depends on what kind of succession you are considering. Generally we say between 2-10 years for succession. Two years for a well organised business with a clear strategic plan whereas, ten years for a family business looking to pass down to the new generation. These are two extremes of the spectrum, ideally aim for 3-5 years.

Family Business
There are often misconceptions around the new generation of family taking over the business. One child may assume it is theirs if they want it, while the parents (owners) may expect another child to take on the challenge. Honest communication early in life is best to ensure everyone is on the same page and therefore relationships within the family are minimally affected by the business. You may not always be in business, but you do always need to remain a family.

Set up for Success
Succession takes time for everyone to be ready for the change, you included. As the current business owner, you must ensure the new owner/s align with your business values, you must allow any up-and-coming leaders to establish their own style of leadership. You should document your plans for succession so they can be shared with others.

Talk to Us
It is best to share your plans with us and we can assist you to think about the options for exiting or retiring.
All parties need to be equally considered and as an independent advisor, we are not emotionally attached to the business and we can help you see all possible outcomes from a different perspective.
If succession planning is done right, it will run smoothly and will eliminate the stress from a life changing event.

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