

Are you ready for your business' succession?

Important succession planning goals and owner readiness considerations

Your business has been a major force in your life. It's a place where you may have dedicated years of hard work, taken risks, overcome challenges and celebrated hard-fought successes. And now, it's time to think about the sale or succession of your beloved company. Are you ready?

Owner readiness is the cornerstone for successful business succession, but many closely held, entrepreneurial business owners may struggle with this important initial step. Owners often are busy dealing with the rigors of operations and the daily grind of the business. There's frequently no time to think about successors or buyers. Further still, some owners fear the emotional stress and interruption a business transition may bring and choose to put off discussions and planning. This avoidance could amplify planning complexities and position you for greater risks. The truth is, someday, your business will transition, whether through sale or succession, and the sooner you can think through your personal post-succession goals, the better it will be for you, your family and the future of the business.

Define your future

The emotional factors connected with the sale or succession of a business can be a huge transition roadblock if not dealt with. Can you see yourself doing something else other than leading your business? Is your family prepared for this change? Will you have enough money to live the life you want after you exit the business?

All these concerns can be difficult to face, but it's important to weigh these issues, address the related anxieties you might have and think about your ideal outcomes. Further still, you may not even have the luxury of time to wrangle with conflicting emotions in terms of selling your business. Unforeseen circumstances like illness or sudden market shifts can quickly turn thoughtful succession planning into a rushed process. Either now or under duress, you, as a business owner, must do some soul-searching in connection with two core considerations. Answering the following can give you the stability and clarity you need during this emotional process:

- What is your role with the business post-succession?
- What do you need to maintain your lifestyle post-succession?

Perhaps your goal is to retire from the business and travel. Or, you have a chosen successor in mind, but you'd like to remain in a consultative role with the business for a year or two to help with the transition. Ultimately, your responses to these two core questions will inform your transition path, whether it will entail selling your business to a third party, transitioning ownership to employees, or passing the business on to family.

Know your goals

Other questions to consider as you establish your succession planning goals include:

- How reliant is the business on you to remain successful?
- Who will manage the business after you exit?
- Have you developed a plan mapping out your financial independence post-succession?
- Have you prepared your family and addressed their emotional concerns?
- How will you communicate your exit to employees, stakeholders and customers?

You likely get the point that deep reflection is in order in terms of successful transition planning. Carefully considering your options and wishes cannot be emphasized enough. To help with this, look for advisors who understand your goals and the dynamics of your family and business and will work with you in a holistic way to meet your needs. It's a complex process, but there are professionals who can provide objectivity and the help you need to prepare you for the next phases in your life.

Business succession may be daunting, but addressing the raw and real emotions connected to this major change in your life, along with weighing critical questions about your wishes and goals, will provide you the foundation and assurance for a successful transition.

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