



BUSINESS SUCCESSION

There *is* a Better Way

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Five Critical Issues for Business Owners

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For those unfamiliar with Business Succession Planning and what it means, the following will help in gaining an understanding of this complex topic.

1. What is Business Succession Planning?

Business Succession Planning is the process of planning for the transfer of your business. This becomes relevant when the founder(s) and owner(s) reach a stage where they would like to step back from long work hours and enjoy the benefits that the business can provide.

2. Why is it so important?

In the year 2000, 18% of business owners in British Columbia were over the age of 55. Eight years later, in 2008, 27% of business owners were over the age of 55.

For most business owners, their business is likely their biggest asset. In the next few years, many business owners are going to realize they have to deal with how to transfer this asset. As we move into the future, there will be more businesses to be transferred (greater supply) and fewer potential persons to transfer the businesses to (less demand) – and this could mean falling values.

The livelihood of the owners and their employees will depend on whether the business owner makes a Business Succession Plan. Failure to plan for the inevitable will impact everyone.

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3. Is it easy or difficult?

This is not an easy process. A business is a complex bundle of assets and liabilities that cannot be transferred easily like, for example, a piece of land.

4. How long does it take?

Each case is different. Depending on what is involved, the minimum amount of time is about one year. However, complex cases can take up to ten years. Business owners who plan for business succession can set their own agenda and timeline.

5. What options do business owners have?

The common options are (1) transfer or sell to a third party, (2) transfer to children, (3) transfer or sell to management or (4) simply shut down and walk away. Within these options, there are many variations.

It takes foresight and good planning with experienced advisors in order to design the plan that is right for you.

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