

The Hidden Benefits of Planning Your Succession Strategy

The phenomenon of writer's block is well known to be an overwhelming feeling of being stuck in the writing process, without the ability to move forward and write anything new.

Many studies over the years have found that business owners almost universally recognize the need for succession planning as an essential management act. Nevertheless, a large majority procrastinate, often until it is too late. Writing out a plan for your eventual exit, whether by gifting to family or selling a business to third parties, seems to present a form of writer's block for many business owners.

Accountancy Daily polled 500 SME (Small-Medium Enterprise) owners and uncovered some important common tendencies among SME owners.

- 1/3rd were more confident about their business's future, when they had a cogent succession strategy in place
- Almost 20% reported that succession planning brought them closer to their families

When an owner gives clear-headed consideration to it, they know their business, like all others, will someday pass out of their ownership. Succession plans envision that change, but it is about much more than intellectually preparing to hand one's business someone else. The Accountancy Daily poll found that succession planning came with a variety of unexpected benefits.

Author, Glen Foster, makes a point that experienced M&A (mergers and acquisitions) professionals see time and again. That is, business owners frequently underestimate the effort, knowledge and time needed to sell a business for the best outcome. Selling a business is a disciplined process that can take up to a year, or even more to complete. Complicating the business sale, is that it can be emotional and stressful. Properly planning well ahead for selling a business helps in preparing for this emotional and psychological stress arising in the sales process and the resulting sale itself. A proven benefit in relying on the expertise and services of an M&A broker and advisor (a business broker for very small deals, or an investment banker) is the ability to lean on them to reduce the stress and chaos, while providing you insights, tools, and a managed process to ensure the best result from selling a business or planning succession.

Selling a business most often is the single greatest financial move of an owner's life. A key part of the stress of selling a business is that owners are often left wondering "what comes next?" Developing a succession strategy helps in thinking through issues well in advance.

A key benefit of planning for succession comes from taking steps that are necessary to make sure that your business is ready to be sold. Stephen Covey says, "Begin with the end in mind". A corollary is keep the end in mind when taking steps to manage your business day-to-day. When it is time to sell, whether by design or by an unexpected opportunity, you can create the best outcome and your top price, if your business is in tip-top shape. This includes your books and records, as well as operations, skilled employees, and diversity of customers. Transferable value

will be key. Working with an expert, such as a top M&A broker and advisor, to anticipate the needs and guide you to your best sale is a wise choice.

CK Business Consultants, Inc. has been dealing exclusively in the sale and acquisition of petroleum and propane related mid-market companies since 1976. We are qualified, experienced, and highly professional intermediaries working with both buyers and sellers in the successful transfer of business ownership. We handle all phases of the project including initial analysis, valuations, developing a confidential information memorandum, locating qualified buyers, negotiations, and execution of the transaction. For more information, please call or email Gary Papay @ 570-584-6488, gpapay@ckbc.net or visit our website @ www.ckbc.net.

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