

BUSINESS SUCCESSION PLANNING

A WORKBOOK



Actionable
steps to transition
your business to
family, employees
or get it ready
to sell

BE CAREFUL

IT'S NOT THAT EASY

The process is much more complex than taking out a classified ad for a car or calling a realtor to list your home. Most successful businesses have been in operation for many years and have complex structures, several supplier/vendor relationships, vast customer bases and employees to consider.

Great care must be taken in order to ensure the business owner gets good value for the years of effort and investment and that the person(s) buying the business have an entity that should run for many more years.

This workbook while certainly not exhaustive will give you the basic planning points as an outline so you can start your succession planning process.

Starting the process early is an integral part to ensure the best outcome for you and your business.

While some businesses can be sold within a shorter process, it is recommended to start this process 3-5 years before the date you plan to hand over ownership.



IT IS SAID THAT EVERY BUSINESS OWNER RECEIVES THE GREATEST VALUE FROM THEIR BUSINESS THE DAY THEY SELL IT.

THE FIVE W'S TO COVER EVERYTHING

The five W's approach will help ensure you cover the main issues you need to think about in succession planning.

The W's are organized in descending order of importance but they are all essential to the process.

Take a moment to think about these questions and fill in a brief response.

WHY is completing the sale so important?

WHO needs to be involved along the way? Who am I going to sell to?

WHAT am I selling?

WHEN should the final transaction happen?

WHERE do I go from here to complete my succession plan?

WHY

IMPORTANCE OF COMPLETING THE SALE

When you began your business you started with a reason why. Maybe it was to have more flexibility in your schedule, to build a better "widget" or maybe it was just to be in control of your own life.

Selling your business should begin with the exact same process. Ask yourself these questions to create the WHY behind your succession plan.

Think about and answer these questions many times with several days between. You will find that this can be one of the longest parts of the process as it guides each decision you will be making along the way. Ask your family, friends and colleagues different questions about your work and about your life. These are key steps in understanding what the next phase of your life will be. It may even lead to you starting another business.

1. What do you want from the future?
2. Who are you going to spend time with?
3. Are there things you have always wanted to accomplish but never had time while running your business?
4. Do you still have dreams that aren't funded?
5. Do you know what your legacy is or should be?

Use the space on the following pages to jot down answers, brainstorm or ask questions that will help you to answer these questions.

WHY

IMPORTANCE OF COMPLETING THE SALE

Use this space to jot down answers, brainstorm or ask questions that will help you to answer these questions.

What do you want from the future?

Who are you going to spend time with?

Are there things you have always wanted to accomplish but never had time while running your business?

WHY

IMPORTANCE OF COMPLETING THE SALE

Use this space to jot down answers, brainstorm or ask questions that will help you to answer these questions.

Do you still have dreams that aren't funded?

Do you know what your legacy is or should be?

Why is completing the sale of your business important?

WHO

PEOPLE TO REACH OUT TO

Here is a list of people and professionals that may be able to help along the way to selling your business.

Not all of these people are essential to the process but each can have a distinct impact on your outcomes.

Financial Advisor	personal planning pre/post succession
Accountant	tax implications of your options whether selling whole or parts
Lawyer	legal structures, obligations, contracts, etc.
Doctor	ensure that you are taking care of your health
Personal trainer	get a trainer and have a workout routine
Therapist	how to handle stressful conversations with staff, family, spouse etc.
Spouse/Family	remember they have to live with you
Employees/Managers	may have good ideas for business or want to be purchasers
Friends	may have experience selling a business that you can draw upon
Industry groups & Chamber of Commerce	may have ideas for buyers, programs available or support network
Suppliers	these key relationships need to continue for the new owner
Key Customers	the lifeblood of EVERY business so they are very important to consider

WHAT YOU'RE GOING TO KEEP OR SELL

Take stock of what you have and what you need to make your succession plan happen.

What do I want to happen for the business?

Am I going to sell the whole business or just the parts?

Do I want to keep certain assets such as buildings/equipment?

What should happen to my staff/management?

WHEN

YOUR TIMELINE TO PLAN AND SELL

The WHEN of succession planning needs to be broken into parts.

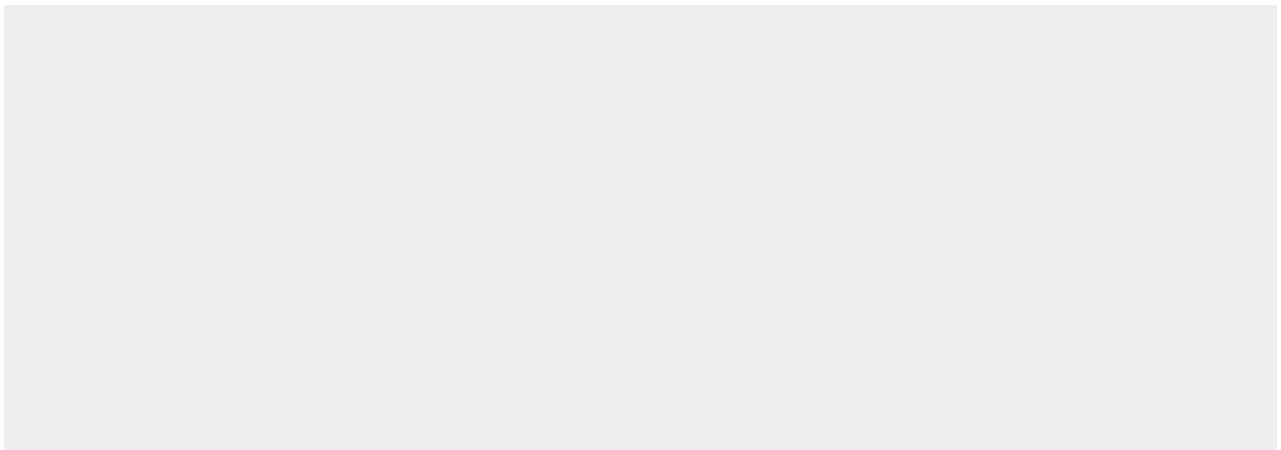
TIME FRAME

Identify the time from your WHY (beginning succession planning) to the last day you walk out the door.

- What are the economic conditions?
- How long do I want this process to take?
- How long does the buyer want it to take?
- Am I willing to stay on for a period of time to train/transition the new owner? If so, how long?
- Do I want to sell all at once or over a period of time?
- Can I afford to sell?

TIMING

Are there times of year that are better than others? Identify the busy times in your business' calendar year and aim to avoid them.



WHERE

NEXT STEPS TO COMPLETE YOUR PLAN

Some are essential to the process but each can have a distinct impact on your outcomes. Once you know the WHY, you can begin assembling your team of champions.

Look through your list above and determine who, if any, you need to engage. If you allow yourself to ask for help you will find a great deal of resources you may not have access to otherwise.

1. **Your spouse** (if applicable) will be beside you throughout this process and their opinion will be imperative. They will also provide a great deal of support moving forward.
2. **Your Financial Advisor** will be able to help you build your personal plan to ensure you understand your personal situation and the effects of selling your business and how much money you need to have in order to live your retirement.
3. **Your accountant** will be able to display the tax benefits of the different types of sales (whole or parts) and give you insight as to the best time to sell from a tax perspective. Most accountants have helped many other businesses through this process and can provide insight that will warrant great benefits.
4. **Your lawyer** will be required so start the conversation and see what insight they can bring. Once again, ensure they have done this before so that you can take advantage of their knowledge. If this is not their area of expertise ask them to refer you to someone who is very knowledgeable in this field.



THE FROST GROUP

RAYMOND JAMES®



Information in this booklet was provided by business succession planning specialist Dan Frost from The Frost Group of Raymond James Ltd.

WWW.RAYMONDJAMES.CA/THEFROSTGROUP

Raymond James Ltd., member - Canadian Investor Protection Fund.

Information in this workbook is from sources believed to be reliable; however, we cannot represent that it is accurate or complete. It is provided as a general source of information and should not be considered personal investment advice or solicitation to buy or sell securities. The views are those of the guest contributors and not necessarily those of The Wealthy Life with Sybil Verch. Investors considering any investment should consult with their Investment Advisor to ensure that it is suitable for the investor's circumstances and risk tolerance before making any investment decision.