

## Find Your Best Path to the Future

You can't get anywhere if you don't know where you're going. It's also obvious that once you know where you're going, you need to lay out a path that will take you there. But things that are obvious are not always easy. It can be helpful to adopt a process that is customized to your needs but is based on an approach that has worked for others in the past.

*Nadir Chandra's story was typical of most business owners who have made the tough decision to leave their companies. At age 54, he was confident in finding a meaningful second act and was ready to leave his 25-employee commercial sign-making business. Nadir was thinking of selling to one or two of his key employees and when we met him his first question was: "Is this the right choice for me and my business?"*

Many of you find yourselves in the same predicament. You are able to envision your life beyond business ownership, but you don't have a clear picture of how to transition your business to the successor you choose, for the money you want and on your timeline. So, what do you and the Nadir Chandras of the world do?

Here is what we told Nadir:

First, understand that leaving your company is a process. Realizing that life after leaving your business can be as fulfilling as your life as a successful owner is simply the first step. The next step is to figure out a way to approach your transition in a methodical, logical, and rational manner. Most owners do not put enough thought and planning into their future ownership transitions. Often, they believe there are systems in place that will take care of everything when they decide they are ready. Maybe, they believe they'll figure it out when they get there.

If that describes your situation, you are not alone. Most owners, and their advisors for that matter, don't know there is a planning and implementation process that is methodical, rational, and can be tailored to your unique goals.

Setting goals and objectives, while also understanding the value of your business, are the first steps towards



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planning for your future. Based upon what you want and what you have, you can then examine and choose a proper path for you: be it a sale to a third party, a transfer to children, a sale to an Employee Stock Ownership Plan (ESOP), a sale to a co-owner, or retaining ownership of your business until the very end. As part of this process, you also must consider what would happen to the business and to your family in the event your death or disability precedes your “best outcome” plan.

Simply knowing the process and proceeding down the path to part with your business, however, is insufficient. If you can't describe how you're going to get there, is it likely you'll reach your destination? To promote success, you need a *written* plan that:

- Identifies your ownership, financial and other objectives that must be considered.
- Documents how you are going to achieve those objectives.

Along with this written plan you should have a checklist that:

- Assigns responsibility for each task to be completed throughout the planning process.
- Sets dates for each task to be completed.
- Designates the person responsible for completing each task.

## **Where to Begin?**

As skilled and as successful as most business owners are, they very likely cannot create and execute their own comprehensive plans for the future of their business ownership. Rarely have owners made a career of leaving businesses. Those owners who do attempt to craft their own plans risk failure and they may leave critical elements unattended: money, time, and/or their own happiness.

A single advisor or consultant working alone is likely unable to design a successful plan. Successful planning is usually a multi-disciplinary effort that requires you and your advisors working together. No one profession possesses the breadth of knowledge necessary to advise a business owner on the wide variety of issues that come along with transferring ownership of a business. It's the same as the idea that one tradesman cannot design and build your new home on his own – he will need to work with other professionals to get things done right.

For your plan to succeed, you need legal expertise, financial advice, tax planning, financial advisory input, and often, consulting ideas. If you decide to sell to a third party, you may require the services of a business broker or investment banker. No one advisor can be an expert in all aspects of transferring a business.

## **Define Your Goals and Objectives**

Once you have a solid team in place, you must then think through your personal and professional goals.

- What are your plans after your transfer the business?
- How much money do you need from your business to live comfortably?
- Who do you trust to continue running your business successfully?
- Do your children want any involvement in the business after you leave?

These may seem like straightforward questions that you may have thought of, but you may be surprised how often the answers to these questions may change. Communicate frequently with your family, co-owners, top management, and advisors, to be sure everyone's goals and expectations are in line. Your plan for the future can change dramatically if your goals and objectives begin to shift.

## What Does it Take to Plan for the Future?

- Understand that there is a proven process that can be followed. Learn as much as you can before you make final decisions.
- Commit to see the process through—holding yourself and others accountable.
- Document your goals, objectives and decisions and create a written plan with a timeline and responsible persons.
- Enlist an experienced team of professionals to help guide you through this process. These professionals should more than pay for themselves by putting money in your pocket. If they cannot, you have the wrong team.

We strive to help business owners identify and prioritize their objectives with respect to their business, their employees, and their family. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

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