Business Succession
A 10 Step Checklist

Thorntons
ACCOUNTANTS AND BUSINESS ADVISORS

1. **Establishing Goals & Objectives**

__ Identify the need for a succession plan.

__ Develop the vision, goals, and objectives of the business.

__ Determine the importance of family involvement in leadership and ownership of the company.

__ Establish personal retirement goals and cash flow needs.

__ Identify family members' goals.

__ Establish team of professional advisors (lawyer, accountant, bankers, financial advisors, insurance specialist).

2. **Decision Making**

__ Involve family members in the decision-making process.

__ Establish a method for dispute resolution.

__ Document the succession plan in writing.

__ Communicate your succession plan to family/stakeholders.

3. **Successors**

__ Identify your successors.

__ Identify active and non-active roles for all family members.

__ Identify required training for the successor(s).

__ Provide necessary training to the successor to ensure the future of the business.

__ Will the retiring owner remain involved in the business? If so, define the role.

4. **Estate Planning**

__ Address taxation implications to the owner/business upon sale or transfer of ownership.

__ Does your estate have enough liquidity to pay for estate taxes?

__ Have you considered a buy sell agreement?

__ Develop estate and personal financial plan for owner, spouse and succeeding generation.

__ Provide for active and non-active family members. Will non-active family members receive an equitable share of assets?

5. **Consider**

__Tax strategies and implications.

__Legal implications.

__Business structure options (e.g. sole proprietorship, partnership, corporation, etc.)

__Business agreements.

__Insurance needs (health, life, disability, etc.)

6. **Contingency Planning**

__ Identify potential problem areas.

__ Dispute/conflict resolution mechanisms have been considered and addressed in business agreements.

__ Develop “what if” scenarios including action plans.

7. **Business and asset valuation**

__ Obtain appraisal to determine fair market value of business and real estate.

8. **Exit Strategy**

__ Determine method of transfer.

__ Establish a timeline for implementation of the succession plan.

__ Publish the plan so that affected individuals are aware.

__ Communicate regularly with all affected parties.

9. **Implementation / Follow-Up**

__ A timetable has been established and is being followed.

__ Review the plan on a regular basis and update as necessary.

10. **Document maintenance**

__ At a minimum, the all the following current documents are maintained in a file:

•Legal will.

•Power of attorney(s).

•Tax returns, financial records and financial statements for last five years.

•Legal documentation

Please **contact** our team if you require assistance or would like further information.