

Small Business Succession Planning

It's no secret that business owners put blood, sweat, and tears into their businesses and will do just about anything to protect them.

But the unsettling truth is that 9 out of 10 businesses that do not have succession plans in place will fail if something were to happen to the business owner.

Whether you've been running your business for 30 years or for 30 days, you know it's time to get a plan in place to pass on your legacy.

With more than four decades of experience, the attorneys at the Generations Law Group are here to walk you through the process to make sure you have a proactive, custom plan to preserve your legacy.

5 KEY STEPS FOR SUCCESSION PLANNING:

1 As the owner of a family business, ensure you have two succession plans in place:

- a) a crisis succession strategy, and
 - b) an orderly succession strategy
- You should develop a crisis succession plan as soon as possible after you establish the business because life is uncertain. You will probably take from three to eight years to get all the pieces into place for an orderly succession strategy.

2 Make sure you have a buy-sell agreement in place.

These agreements can be either voluntary or mandatory. A voluntary agreement allows your business partners to negotiate the purchase of your interest in the business.

A mandatory buy-sell agreement leaves no other option. It needs to be well-prepared and clear as to which events will trigger the agreement.

3

In addition to your business succession plan, you should have an estate plan in place.

When you create your estate planning documents, they need to be carefully created so they fit together with your business succession plan.

4

Make sure you have sufficient income for retirement from your business.

With family businesses, it is especially important to consider retirement planning. If the business owners take a substantial amount of money from the business when they retire because they did not plan for retirement appropriately, the next generation of owners will be at a disadvantage and the business may fail. Plan ahead to protect your family's interests.

5

One of the most overlooked business succession issues has to do with management, but you'll need a management succession plan to decide who will run the business when you are no longer able to.

Who in your family is prepared to continue running the business? If your family cannot continue the business, who can? Be sure you have sufficient resources to hire someone to replace you if necessary.

We know how important it is for you to do your best to plan for the unexpected to protect your business. At *Generations Law Group*, we'll do everything we can to help you create a comprehensive process to minimize disruption to your business and allow you to move on with your life, proud of your hard work.

Give us a call today at (208) 401-9300 or visit our website to **schedule your initial consultation.**

