Are You Ready?

10 ways to check if you are ready for a business transition

What does 'ready' really mean for business owners? Use the checklist below to determine what needs to be in place to be 'ready' to transition.

Proper transition planning includes business, wealth, and family goals - Success lies at the intersection of all three.

YOU ARE LIKELY 'READY' TO TRANSITION YOUR BUSINESS IF YOU…

- ❑ Invested in educating yourself on business transition and discussed the idea with loved ones.
- ❑ Aligned your personal, financial, and business goals: meaning they are defined, co-dependent, and linked.
- ❑ Created an advisory team: attorney, CPA, wealth advisor, exit advisor, and significant others. Others may include personal friends/advisors, bankers, specialty attorneys (M&A, estate planning, real estate, business), business specialists (retirement plan, tax, insurance, philanthropic, broker), key employees, and board members.
- ❑ Created a contingency plan if you are unexpectedly forced to transition (e.g., something outside of your control prevents you from operating your business.) You reviewed this plan with trusted advisors, family members, and partners if applicable.
- ❑ **Completed a strategic analysis, business valuation, and personal, financial, and business assessment(s) within the last year.**
- ❑ Considered all exit options and optimum deal structure and weighed the pros and cons of each in relation to your stated goals and objectives.
- ❑ Designed a post-business 'life-after' plan as part of your overall financial plan prepared by a professional wealth advisor and includes other centers of influence where applicable.
- ❑ Have a pre-transition value enhancement / preliminary due diligence project underway to de-risk the business, maximize its value, minimize taxes upon transition, and improve the probability of a smooth transition to the next owner including family, partners, or employees if applicable. Family transitions should be treated no differently than other transition options. This plan ideally has a multi-year implementation timeline.
- ❑ Have a management program underway to ensure the post-transition leadership is prepared to operate the company after you exit and secure the appropriate specialists to handle your desired transition option.
- ❑ Created a transition plan that includes goals and objectives, clearly defined tasks and accountabilities, a definition of your transition team, a definition of your transition process, a plan leader or project manager, timelines, a budget, and your role before and after the transition. This plan ideally has a multi-year implementation timeline.

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Source: Exit Planning Institute. Raymond James does not provide tax or legal advice.

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What does 'ready' mean? How do we define 'ready'? Below are 10 simple statements to help owners determine what they need to accomplish to be prepared or "ready" to transition their businesses. Use this as a simple checklist.

YOU ARE LIKELY "PREPARED" OR "READY" TO TRANSITION YOUR BUSINESS IF…

- ❑ You have spent some time and money getting educated on how to transition your business. You have discussed a transition with your loved ones.
- ❑ Your personal, financial, and business goals are aligned meaning they are defined, co-dependent, and linked.

Proper transition planning includes business, wealth, and family goals - Success lies at the intersection of all three.

- ❑ You have created an advisory team that includes at minimum: an attorney, CPA, wealth or financial advisor, exit advisor, spouse or partner, or other family who is a "significant other" in your life. Other advisors that may be included: personal friends and advisors, banking advisor, M&A attorney, estate planning attorney, real estate attorney, business attorney, ESOP specialist, tax specialist, insurance specialist, foundation / charity, key employees, investment banker or business broker, board members, family or personal counselor.

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- ❑ You have created a contingency plan which should include buy-sell instructions, and appropriate insurance, and specify what should happen if before you transition something were to happen outside of your control that would prevent you from operating your business or unwillingly force you to transition. You have reviewed this plan with your trusted advisors including family members and/or partners if applicable.
- ❑ You have completed a strategic analysis, business valuation, and personal, financial, and business assessment(s) within the last year.
- ❑ You have considered all of your exit options and optimum deal structure and weighed the pros and cons of each in relation to your stated goals and objectives.
- ❑ You have considered and designed a post-business life-after plan. This plan is linked to or part of your wealth management plan prepared by a professional financial advisor and if applicable, estate planning attorney, insurance specialist, tax specialist, and charitable foundation specialist.
- ❑ You have a pre-transition value enhancement / preliminary due diligence project underway to de-risk the business, maximize its value, minimize taxes upon transition, and improve the probability of a smooth transition to the next owner including family, partners, or employees if applicable. Family transitions should be treated no differently than other transition options. This plan ideally has a multi-year implementation timeline.
- ❑ You have a management program underway to ensure the post-transition leadership is prepared to operate the company after you exit and secure the appropriate specialists to handle your desired transition option.
- ❑ Your transition plan is written and includes goals and objectives, clearly defined tasks and accountabilities, a definition of your transition team, a definition of your transition process, a plan leader or project manager, timelines, a budget, and your role before and after the transition. This plan ideally has a multi-year implementation timeline.

DISCLOSURE

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