

ARE YOU READY?

10 Ways to Check if You Are Ready for a Business Transition

What does ‘ready’ mean? How do we define ‘ready’? Below is a set of 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 “Prepared” or “Ready” to transition your business if you...

- ☐ Have spent some time and money getting educated on the process of how to transition your business. You have discussed transitioning with your loved ones.
- ☐ Your personal, financial and business goals are aligned meaning they are defined, co-dependent, and linked.
- ☐ You have created an advisory team which includes at a minimum, not only a wealth advisor, but your personal attorney, CPA, and exit advisor, as well as your 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.
- ☐ You have created a contingency plan which should include buy-sell instructions, appropriate insurance, and specifies what should happen if before you transition something was 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 professional 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 your exit options and optimum deal structure and weighed the pros and cons of each in relation to your stated goals and objectives.

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- ☐ Your transition plan is written and includes goals and objectives, clearly defined tasks and accountabilities, definition of your transition team, definition of your transition process, a plan leader or project manager, timelines, a budget, and your role before and after transition. This plan ideally has a multi-year implementation timeline.
- ☐ You have considered and designed a post business life-after plan. This plan is linked or part of your wealth management plan and a professional financial advisor and if applicable, estate planning attorney, insurance specialist, tax specialist and charitable foundation specialist, have helped you prepare it.
- ☐ You have a pre-transition value enhancement / preliminary due diligence project underway to help manage risk for 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 secured the appropriate specialists to handle your desired transition option.

Not every box checked?

That's completely normal. Most business owners discover there's more to prepare than they realized. A conversation with one of our Certified Exit Planning Advisors (*CEPA®) can help you identify where you stand today, uncover potential opportunities, and work together to create a well-planned, strategic exit.

Get in touch today

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