

The Importance of Creating a Plan to Ensure a Smooth Ownership Transition

When you sold your home, you did not hesitate to use a realtor. Exiting your business can be much, much more involved (and financially more significant) than selling your home and it can require sophisticated, experienced advisors to guide you through the process.

Will Tryon, a hypothetical business owner, learned this lesson firsthand when he realized the many complexities that can be associated with leaving a business. First and foremost, Will realized that he needed a plan for making sure that his future owners/management team – whether it was going to be his son or key employees – would have the knowledge and experience to continue running his thriving pre-cast concrete manufacturing company after his departure. Just like many business owners, Will liked to do things his way and he wasn't used to delineating responsibilities. After initially struggling to transfer management responsibility by trying to do it all himself, he turned to an experienced Exit Planning Advisor for guidance on how to develop and execute a successful management responsibility transition plan.

Will found his Exit Planning Advisor to be an integral member of his advisor team while he transferred management responsibilities and executed his overall Exit Plan. Let's look specifically at what business owners like Will can expect from an Exit Planning Advisor.

- Exit Planning Advisors oversee and orchestrate the action items that need to be completed in order to meet a business owner's personal and financial objectives. One of the primary responsibilities of the Exit Planning Advisor is to coordinate the efforts between the business owner, management team and advisor team to establish an efficient and effective management responsibility transition process as part of an owner's overall Exit Plan.
- Experienced planners can help fix and quantify realistic Exit Objectives. While the Exit Objectives you fix are your own, experienced advisors have represented dozens, if not hundreds, of business owners who have navigated the same Exit Planning waters and who have grappled with similar issues and concerns. These advisors can serve as guides and as counselors as you work through and modify your objectives. They will help you decide if your objectives are attainable or whether further value creation is needed. They will point out inconsistencies among your objectives and



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suggest alternatives.

- Your Exit Planning Advisor helps keep your Exit Objectives in tact as you transfer management responsibilities and move through the business exit process.
- Your Exit Planning Advisor should help you identify and address management responsibility transition issues, come up with proposed solutions and make sure that a comprehensive and specific plan is in place to resolve the issues.

Although your Exit Planning Advisor and overall advisor team can play an important role in your Exit Plan, it is important to remember that you will lead the efforts to transfer management responsibilities, as well as create an overall plan that meets both your personal and financial objectives. You are the person who knows what goes on in the business, who is doing what tasks, how the tasks relate to the overall operation of the company and which tasks need to be transitioned from one person to another.

If you have any questions about transferring management responsibilities prior to your business exit, please contact us to discuss your particular situation. We can help you create a management responsibility grid that systematically lists the management responsibilities that you currently perform and action items for successfully transferring those duties to your management team.

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