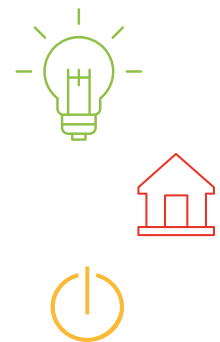


**FACT SHEET**

# Succession Planning

## Quick Summary

- A successor for a business is inevitable and needs to be planned far in advance to the retirement day
- Careful consideration needs to be made on your successor. This is potentially someone who is taking the reins of something you built from nothing. Choose her/him wisely
- Although family members are often the go-to choice for successors, if they are not suitable for the position, then the success of the business needs to come first



## Introduction

All too often succession planning is something that is not talked about, even a taboo at times. It's understandable. If you have been the one to build a business from the ground up, or the one who propelled a business towards new heights, it can be extremely difficult to hand over the reins to someone else.

Perhaps sub-consciously you don't want to let go, or you feel the person who should take over is not quite ready; or you don't know to whom you should pass your business onto.

Invariably, it is much easier to ignore the situation and to carry on with day-to-day life. It may just be you do not know how to approach succession planning or what it involves.

### Then why face it?

The key reasons are that you are unlikely to want to work forever, and if you did you are certainly not going to live forever. Few businesses are time-bound in the sense that they are set up for a limited period only. Most look to go on trading for an undefined number of years. It is important to consider how your business will continue once you are no longer involved.

It might be that your business is part of your retirement package; with a potential sale a source of your pension provision. Few though, without planning, actually realise anything like the value they hoped for.



## How then do you go about succession planning?

Firstly, there is the need to acknowledge that you don't just leave succession to chance and a plan has to be prepared. This should be something you work on for some time, up to three to five years ahead of the date you want to retire or handover the business; the reason is that you need to get the business in shape so that it is no longer reliant on you.



You might also need this time to narrow down your choices of successors and potentially mould and teach them valuable skills crucial in running your business.

Long-term planning also helps to provide for optimum structure, with solid financial and tax planning to provide you with the best returns.

## Determining your successor

For the majority of family businesses, the logical successor has been the son or daughter or other family member. More and more family businesses however, find that their younger members are opting for alternative careers and don't want to go into the family firm. It may also be the case that whilst the young family members think it is their birth-right to continue in their parents' footsteps, such a move would exclude a more competent, non-family member from taking the reins.

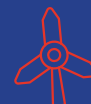
Ultimately, the decision is up to the current manager and it shouldn't be one that is made quickly. Although family is an important aspect to consider, if you're not confident that a family member will be a suitable fit to run your business in time for when you take a step back from the leadership, then you need to put the business needs first and select a successor elsewhere.

Remember, although a family member might not be made successor, if the business continues to succeed then that family member will still have a job and an income.



# Need more support?

## Get in touch!



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