



INTRO TO BUSINESS SUCCESSION



ABOUT THE SOLUTION CENTER

The Main Street Solution Center is a free access portal to resources for communities and organizations working to revitalize and strengthen their local economies. The Solution Center's curated resources are designed to help guide and inspire local leaders and advocates as they navigate the complexities of downtown and neighborhood business district revitalization and economic growth.

ABOUT THE PARTNERSHIP

This Main Street Solution Center publication was underwritten by Michigan Main Street and Main Street Iowa. Their generous support demonstrates a shared vision and ongoing commitment to freely share knowledge, experience, tools, and best practices to fuel revitalization and economic growth in their own communities, and in locales spanning the nation.



ABOUT THE CREATORS

Leigh Young, AICP is Senior Main Street Specialist with Michigan Main Street and a driving force behind the creation of the Main Street Solution Center. Her deep passion for planning, placemaking, community engagement, and sustainable urban development is evident in her work to advance the cause for revitalization and economic development in downtown and neighborhood business districts across Michigan.

Jay Schlinsog, CMSM is the owner of Downtown Professionals Network (DPN), a Franklin, TN-based firm specializing in innovative, market-driven downtown and business district revitalization and economic development solutions. He brings more than thirty years of experience gained while serving as chief executive with chamber and district management organizations, and through his work with communities and organizations across the United States.

Ben Muldrow is a partner at Arnett Muldrow & Associates, a consultancy renowned for its creative approach to economic development, branding, and marketing strategies for small towns and cities across the nation. He brings an innovative mindset and a deep understanding of the unique dynamics of community branding to each engagement, blending traditional community values with modern marketing techniques to help communities and districts unlock their potential.

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BUSINESS SUCCESSION 101

Creating a succession plan is one of the most important things a business owner can do for their family and community. Yet, a 2021 PwC Family Business Survey found only one-third of North American family business leaders say they have a robust, documented, and communicated succession plan in place. Unfortunately, the lack of a succession plan can too often leave families to fight over control after the owner's departure, and in some instances, leave a void where an iconic business or community anchor once stood.

Succession Planning Checklist for Business Owners



Infographic created by Aqua Financial Consulting

A succession plan details the process of the transfer of ownership, management, and interest of a business. Ideally, a succession plan includes:

- **A business continuity strategy dictating how the business will be controlled and managed in the event of the owner's unplanned absence, divorce, disability, or other uncontrollable events.**
- **A long-term succession plan detailing the transfer of the business, most commonly by passing the business to a family member, selling to a co-owner or employee, or selling to another company or outside party.**

The 2021 PwC Family Business Survey report notes, "The COVID-19 crisis brought greater urgency to these priorities, highlighting the sobering reality that circumstances can change in an instant and in ways that are beyond anyone's control." Reinforcing the point, other sources suggest a succession plan is required through the survival, growth, and maturity stages of a business, and that all business owners should have a plan in place during these business stages.



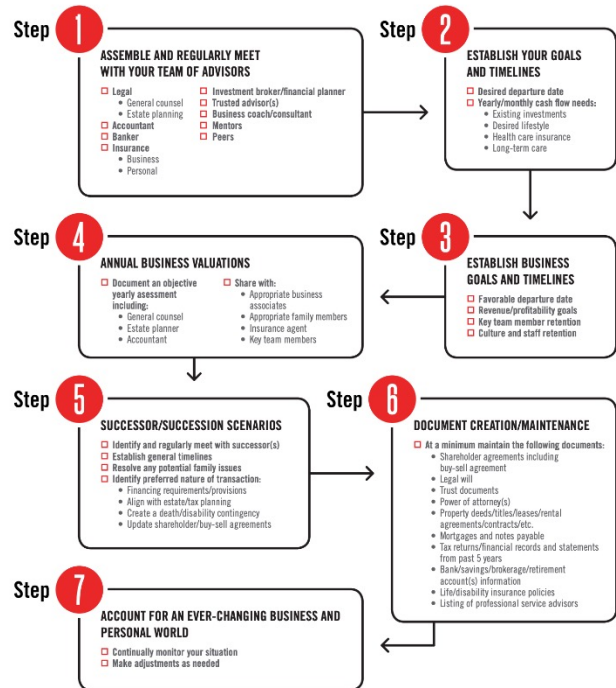
MAPPING A PATH

A Succession Planning Quiz and Checklist created by Greater Des Moines Partnership helps business owners uncover deficiencies in their succession planning and guides them through the process to create or revise their plans. The quiz poses seven simple questions, to which one or more “no” answers could reveal deficiencies.

1. Have you defined your goals and vision for the transfer of ownership and day-to-day management of your business?
2. Do you have an identified successor(s) in place?
3. If applicable, have you resolved any family issues that might interfere with you plan?
4. Do you have formal buy-sell agreements in place?
5. Do you have a contingency plan should you die or become unable to continue working? Are those scenarios covered by insurance?
6. Do you have a plan to account for the most desirable nature of the transaction in regard to structure and taxes?
7. Have you recently had your business valued and analyzed the same way potential buyers and competitors would?

SUCCESSION PLANNING CHECKLIST

DSMUSA



DSMpartnership.com/smallbusiness

 GREATER DES MOINES PARTNERSHIP





HINTS AND TIPS FOR BUSINESS OWNERS

The online article, “Small Business Succession Plan 101” published by TriNet offers five tips for creating a business succession plan:

1. Have a plan before you decide to sell your business.

In addition to identifying your potential successor, you will want to define an ideal timeline and price range based on your business valuation. When will you want to retire? How long should the succession plan take? What procedures need to be taken over? How can you streamline your process to make the transition as simple as possible?

2. Include key stakeholders in succession plan decisions.

You will want to include your family, trusted friends, financial advisors, and business lawyers, as well as any other potential stakeholders such as upper management or key employees. This will not only help you plan what needs to be done, but you will also have a better idea of a timeline for when you sell.

3. Decide on your minimum requirements for payment.

You should already have a general idea of how much cash you want in-hand and how you would like to be paid. Keep in mind that family members, employees, outside sources, and co-owners will all likely have a different payment plan and expectations.

4. Work with a succession planning professional or group.

You will want to have a business broker or group that specializes in business transactions, especially when working with an outside buyer. This can be your CPA, a local attorney’s office, a mentor from SCORE, or even a specialist from your financial institution. Having an expert in the field can ensure that your succession plan is solid, your exit strategy is clear, and that you don’t leave any money on the table.

5. Create a plan for your life post-succession.

Finally, you need to have an idea of your life after the transition. Do you want to start another business? Where are you going to invest the money from the buyout? A small business owner who is used to having \$3 million in revenue can suddenly find themselves with \$30 million in the bank. Having personal and financial support systems in place can ensure that you have a fulfilling post-succession life.



RESOURCES

Your Organization as a Resource

Ultimately, it is up to each business owner to set goals, plan, and take steps toward ensuring the lasting success of their business and a fulfilling post-succession life. Still, downtown or district management organizations can play an important role by:

- Promoting the importance of business continuity and succession planning
- Sharing tools and resources to help business owners get started
- Compiling and sharing a list of succession planning technical assistance providers and local professionals
- Working with business owners and brokers to promote business acquisition opportunities
- Providing encouragement and support to buyers

Additional Resources

[Small Business Succession Plan 101 | TriNet](#)

[Succession Planning Quiz and Checklist | Greater Des Moines Partnership](#)

[Succession Planning Checklist for Business Owners | Aqua Financial Consulting](#)

[Michigan SBDC “How to Sell or Transfer Ownership of Your Small Business”](#)

[SCORE Succession Planning Guide](#)

[Business Succession 10 Step Checklist | Exit Advisory Group](#)

[Business Succession – a 10 Step Checklist | Downey & Company, LLP](#)

[Business succession checklist: 20 Steps to a seamless transition | Silicon Valley Bank](#)

[Are you contemplating or about to sell your business? | Silicon Valley Bank](#)

[Planning for Business Succession Checklist | Premier Insurance Contracts, Inc.](#)

[Succession Planning Toolkit | Seattle Office of Community Development in partnership with Communities Rise](#)

[PwC 10th Annual Family Business Survey – North American Report
An approach for lasting family business success](#)

