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SUCCESSION PLANNING & BUSINESS

Succession, planning in business is one of the last areas of business planning that people turn their minds to. Succession planning for a business is essential to enable you to preserve and maximise the potential from your business when it comes time to exit.

It also involves having a plan in place in the event that your are incapacitated and unable to remain involved in the business.

If you are in a Company this would involve having a Shareholders Agreement. It may involve having life insurance policies over each Shareholder/Owner with the Shareholders Agreement making it compulsory that the life insurance policy is used for the compulsory purchase of shares of any Shareholder who becomes incapacitated for a certain period of time or dies.

Succession planning also involves formulating a plan to dispose of the business when you want to retire.

For many small to medium sized businesses most potential is for selling the business to existing employees.

It is therefore essential to have a plan to groom employees showing the most potential and to slowly involve them in more of the

business.

This may involve selling small parcels of shares to them to encourage their loyalty and to further explore their potential.

If you do not turn your mind to succession planning in your business you may well be devaluing your business because if you are incapacitated, you die or you retire, for many small to medium size businesses you are the business and therefore it is the business that is incapacitated, dies or retires and immediately upon one of those events occurring the business is seriously devalued.

It is important that you put a plan in place, take the appropriate advice and put the necessary documentation in place to protect both you and your business as part of that succession planning.

If you would like to discuss succession planning of your business please contact Eugene Collins.

20 MINUTE FREE

**WANT to review your Family Trust structure?
THEN call us and take advantage of our 20 Minute Free interview**