

It's never too early to start planning

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It is inevitable that you will leave your business someday. Whether you decide to sell up, retire or leave due to health reasons, in the next 5, 10 or 15 years - it is important that you prepare yourself for that eventuality now.

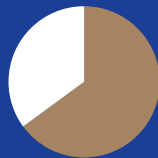
Facts from recent nationwide survey*

*Source: PwC



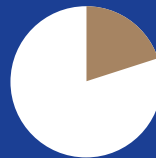
40%

of family businesses are looking to transfer their wealth and operations to other hands in the next 5 years



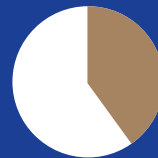
65%

of family businesses fail in the hands of second generation



20%

fail when business passed to third generation



39%

of respondents have a complete succession plan in place

? Why now?

- Planning takes time – could lose commercial, legal or tax window of opportunity – timing is everything!
- It keeps family members happy
- Secures key staff
- A plan will enable key stakeholders to achieve life goals
- It is good for the business – it allows you do to a review with the view of implementing best practices
- Prepares business for unforeseen events e.g. death of key stakeholder
- Provides a systematic mechanism to transfer business wealth to personal wealth, and create a passive income stream
- The increase in supply of businesses 'for sale' will impact the supply/price equation – the best prepared will be the most attractive

? What are risks of not having a succession plan in place?

You probably have expectations of what your lifestyle is going to be like after you leave your business. However, if you intend to fund your lifestyle from the sale of your business and don't have a well-considered succession plan in place now, you may be disappointed with the opportunities and financial options available to you when the time for retirement comes.

The earlier you develop your business succession strategy the better – it is never too early, but it can definitely be too late. Planning for this eventuality helps give you some control over how the future unfolds for both you, your family and the business.

? What are your options?

- Sell to a third party / competitor
- Sell to existing partners
- Hand over to staff
- Hand over to family
- Structured liquidation

What does Succession Planning involve?

- 1 Planning**
 - Ascertain where do you want to be in 5 years time
 - Identify key personal and business objectives, business situation, review business structure and financial position
- 2 Modeling the Plan**
 - Modeling the transaction steps and the outcomes – who gets what, for how much, when and associated cashflow projections
 - Pro forma balance sheet and Income Statement modeling may also highlight issues such as ‘forgotten assets, liabilities, loan accounts and reserves that need to be dealt with.
- 3 Review of Business**
 - Tax consequences/implications
 - Risk analysis
 - Benchmarking
 - KPI assessment and monitoring
 - Reverse due diligence
 - Business improvement
 - Valuation – How much do you want for your business and how much is it really worth?
- 4 Assessing the Options and Making a Decision**

As a result of the planning exercise there could be a number of solutions. Each solution generally has its own benefits and trade offs and should be carefully considered and selected appropriately.
- 5 Implementation**
 - **Take action.** Once a decision is made, and the plan documented and agreed – it is important to action the plan as soon as possible.
 - **Communicate the plan to all stakeholders.**
 - **Stick to the plan.** It is important not to deviate from the plan as this could have unintended tax, financial and legal consequences.

Our Approach

Our structured approach involves a team of trusted advisers ensuring your plan is integrated with your financial and personal affairs, wealth protection needs and retirement plans.



Accountant

- Designing a business's strategy to minimise tax paid, including capital gains and estate tax
- Creating and implementing strategies to increase business value
- Identifying an owner's personal financial objectives
- Evaluating a business and determining its value
- Assisting an owner with post-exit financial and tax issues



Lawyer

- Draft commercial strategy and business succession agreements to minimise the potential for any adverse outcomes i.e. hostile estates, CGT, etc.
- Reorganise equity, updating wills and trusts
- Draft Buy Sell Agreements
- Review compensation procedures



Financial Planner

- Provide risk, superannuation and investment/wealth advice
- Assist with risk income on debt for successors and investment income on funds from the sale of a business
- Reviewing existing insurance policies
- Organising risk policies for buy/sell agreements
- Retirement planning