

Planning for Evolution and Succession

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Key players who enjoy success will seek new challenges, retiring owners may wish to hand over the reigns and ensure continuing business success. The needs of the business may change during transition from start-up to steady-state or during growth. Many of these changes can be anticipated and to varying extents planned for. Hawes Partners can help clients develop the various scenarios so that inevitable change can be anticipated and prepared for in advance rather than reacted to at the last minute.

Business Evolution Planning.

The one constant in the modern world is change. Your customers will change what they want, thinking will change, production techniques will change, your supply chain will change, the worker demographic will change; your executives will want change and to move on. The needs of your company to enable it to adapt to all this change and so evolve will also change. This change has to be embraced. The knowledge to do this can be found in many ways; it can be grown from within over time, it can be bought at short notice from consultants or it can be recruited in the form of new executives. Developing the scenarios to help you consider your potential future executive needs, and interim measures while adapting to a change, can ensure less disruption to the overall operation of the company. Hawes Partners can assist you in your evolution planning.

Business Succession Planning. This is perhaps the most critical challenge facing owner-operated businesses in the future. As a business owner, you want to ensure that you maximize the value of your business upon your exit. Whether you sell your business to others, or pass it on to your heirs, the business must continue to succeed after you retire. Business succession planning seeks to manage issues related to your exit by setting up a smooth transition between you and the future owners of your business.

It seems difficult to believe, but statistics show that more than 70% of family-owned businesses do not survive the transition from founder to second generation. With family-businesses, succession planning can be especially complicated because of relationships and emotions. We regularly meet business people who end up deferring their retirement plans because they cannot or will not hand over the reins. However, there comes a time when every businessperson must make a decision on succession.

Business succession planning can be broken down into three categories:

1. Management
2. Ownership
3. Taxes

It is important to state that management and ownership are not one and the same. As an example, you may decide to transfer equal shares of business ownership your children but hire a professional management team to run your business.

At Hawes Partners, we do not attempt to provide advice on taxes or on the structure of your ownership. We work with your trusted legal and financial advisors to achieve a well-rounded approach. Our specialty is to assist on the management side as well as identifying prospective acquirers, should you be interested in selling.

Professional Management Recruiting. It can take some time to recruit and train a management team to enable a business owner to “walk away” from day to day operations, and for a number of reasons, it is often more difficult for a family-business to attract the calibre of individual needed to take the business forward. You must plan ahead.

Should you wish to sell your business. The sale of any business is a specialized task. It takes experience to locate the right purchaser at the right price. As with our executive search practice, assisting companies in identifying prospects and then articulating your value proposition is our specialty.