

# Business Succession Planning

**It's best to face the future with facts.**

## Part 1



**Presented by  
Missouri Small Business & Technology  
Development Centers**



# Business Succession Planning

## Course Objectives

Upon completion of this training, the participant will be able to:

1. Recognize the importance of succession planning.
2. List the four types of “exits” for businesses: sell, takeover/gift, liquidate assets or close the business.
3. The best time to begin the succession planning process.
4. Organize a Succession Planning Team, including a MO SBTDC consultant.
5. Differentiate characteristics of generations currently in the workforce.
6. Explain development and preparation plans for succession, including all business and human components.

## Why Focus on Succession Planning?

- Baby boomer retirements are on the rise just at the time when the economy is growing and increasing the demand for senior management expertise.
- There is no emerging group of potential employees on the horizon as in past generations (e.g. baby boomers, women entering the workforce, large waves of immigrants).
- Many organizations eliminated middle manager positions during restructuring in the 1980s and 90s and no longer have this group as a source to fill senior level vacancies.
- Younger managers interested in moving up do not have the skills and experience required because they have not been adequately mentored. In many cases, middle managers, who would normally perform this type of coaching role, have been eliminated.

Theresa Howe “Succession Planning & Management”

## How will you exit?

Planning is important. Plan your exit and be ready when the timing is right to pursue your company's maximum value. Whether you hand the business down to a family member or sell it to a new owner, you want to be able to manage this transition on YOUR terms.

### What are your choices?

- 1.
- 2.
- 3.
- 4.

### How much time will you need?

Some people think you should start planning for your exit on the first day of your ownership. Thinking of the future as you make major decisions for your business will ensure that you are prepared, have maximized the value of the business and can hand off the company in way that will ensure its chances for future success.

## What are the major issues you will confront?

1. Selecting a successor
2. Managing inter-generational conflict, different agendas and different goals
3. Providing adequate training for the successor
4. Timing the transition
5. Financing

### NOTES:

## Checklist for Succession Planning

### Timing

1. When will you start your planning?
2. When will you make the hand-off?

### Contingency Plan

Have you prepared for the sudden exit of the owner? What is your contingency plan?

### Team Development

Who will be on your team?

- Accountant \_\_\_\_\_
- Attorney \_\_\_\_\_
- Business Advisor/Consultant \_\_\_\_\_
- Financial Planner/Consultant \_\_\_\_\_
- Broker/Agent \_\_\_\_\_
- SBTDC Counselor \_\_\_\_\_

### Documentation Preparation

What will you need?

- Tax Returns (personal and business)
- Financial Statements (minimum of three-five years)
- Contracts
- Strategic Plans
- Employee Agreements
- Partnership Agreements
- Intellectual Property
- Process Manuals
- Inventory Detail
- Customer Lists
- Accounts Receivable
- Aging Report
- Leases
- Liens
- Titles
- Loans
- Judgments
- Taxes Paid (Sales, Property, etc.)

## Generational Differences

Category	Traditionalists	Baby Boomers	Generation Xers	Millennials
<b>Birth Year</b>	<b>1922-1943</b>	<b>1943-1960</b>	<b>1960-1980</b>	<b>1980-2000</b>
<b>Education is</b>	... a dream	... a birthright	... a way to get there	... an incredible expense
<b>Attitude toward authority</b>	Honor and respect	Replace them, challenge them	Ignore leaders	Leaders must respect you
<b>Schedules</b>	Mellow	Frantic	Aimless	Volatile
<b>Career</b>	Means for living	General focus	Irritant	Always changing
<b>Technology</b>	Hope to out-live it	Master it	Enjoy it	Employ it
<b>Interactive Style</b>	Team player	Self-absorbed	Entrepreneur	Team player
<b>Work is</b>	... an obligation	... an exciting adventure	... a difficult challenge	... a means to an end
<b>Characteristics</b>	Veterans, structured, loyal, follows rules, individual	Question authority, driven, optimistic, efficient, team player	Latch-key kids, do it my way, survivors, self-reliant, independent	Asks why, structured, supportive, creative, team participant
<b>Message That Motivates</b>	"Your experience is respected."	"You're important to our success."	"Do it your way."	"You and your coworkers can turn this place around."

### Millennials: Defining Life Experiences

- Grew up basking in "The Decade of the Child"
- Millennials are on a pedestal vs. children should be seen and not heard
- Fathers became more involved in parenting
- Came of age during a time of incredible change and scandal within modern organizations
- Most "hovered over" generation ever in our country; unprecedented parental supervision and advocacy

## Missouri Small Business & Technology Development Centers

### Our experts can help you

The Missouri Small Business & Technology Development Centers (MO SBTDC) help businesses in every stage. From concept to startup, growth to renewal, mature to succession, we are here to help you succeed at every point. We have experts located throughout the state who can help you address a wide variety of business challenges.

### Consulting Services

MO SBTDC business development specialists use their expertise to help Missouri businesses with critical business development issues. They provide guidance addressing topics such as management, marketing and strategic planning is available for new and existing businesses. All counseling is confidential; many services are available at no charge (subsidized by our funding partners). For personalized help exploring ideas or growing your business, contact a MO SBTDC counselor near you listed on the website linked below or sign up online at <https://missouribusiness.net/sbt/dc>.

### Contact

Your local SBTDC office. A complete list of locations can be found here: <https://missouribusiness.net/sbt/dc/>

### Or contact the state office at

University of Missouri  
416 S. Sixth St.  
W. 1026 Lafferre Hall  
Columbia, MO 65211  
[Greg Tucker](#), State director  
[Yvetta Hamilton](#), Administrative assistant  
Email: [musbdcadmin@missouri.edu](mailto:musbdcadmin@missouri.edu)  
Phone: [573-884-1555](tel:573-884-1555)