



## SUCCESSION PLANNING

# FUTURE PLANNING TAKES CARE AND COMMUNICATION



## EXITING YOUR BUSINESS MUST BE CAREFULLY MANAGED

**Getting out of your business or farm may be one of the most important decisions you ever make. It must be a carefully managed process.**

Moore Markhams advisors combine their skills and experience to work closely with business owners to help navigate what can sometimes be a challenging course. Our independence and big picture thinking can help parties overcome the insular nature of the family business, manage family relationships and expectations, and help in the choosing of a successor / heir (to the business founder / CEO).

From our extensive experience, we share some key considerations.

### Successful succession planning

- Start early (start your business with the end in mind).
- Ideally the incoming generation should be introduced into the business by 35 years of age; at least in a management and decision-making role. At this age, the incoming generation has 10 good years of high-level energy to give to the business.
- If children are brought up to be 'part of the business' i.e. spend time at the business premise, have holiday jobs there, observe dinner table discussions, etc there is a greater chance of succession success.
- While there may not necessarily be a direct expectation they will take over, those that have such exposure to the family business at a young

age have a far greater chance of making a success of their tenure in charge of the business.

- The incoming generation should ideally have time away from the family business experiencing the world and learning how others operate their businesses.
- Open, transparent communication is paramount if business succession is to succeed.
- Each generation must have mutual respect for the other.
- Financially the plan must be economically sustainable for the retiring and incoming generations.
- There must be an acceptable plan for those family members who are not going to participate in the family business.
- The end plan must be able to be 'lived with' by all family members.

### The challenges

- The outgoing generation's reluctance to 'let go' and 'hand over the baton' to the next generation. This is a characteristic of human nature.
- Intergenerational differences. The characteristics of each generation can be poles apart e.g. Baby Boomers v Gen Y.
- The insular nature of family members (particularly of the outgoing generation) means communication is often very limited. This can lead to the younger generation walking away from the family business.

Your Moore Markhams advisory team backed by our succession planning specialists will help you negotiate what can be the most important business decision.

**Get in touch and let us help you thrive in a changing world**

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