

Make Succession Plan A Priority

When you run your own business, your days are busy and there's always a lot on your mind — but have you also thought about the day when you'll leave the business?

In other words, have you started thinking about your exit strategy? If not, you have company: About one-third of business owners haven't prepared a business succession plan, and of these owners, slightly more than a third don't view succession planning as a priority, according to a recent survey from Morning Consult, NXT360 Partners and Edward Jones.

If you're not close to retirement age and you've only had your business a short time, you might not think that creating a succession plan is a priority — or even a necessity. After all, you've got plenty of other things to do, such as attracting new business, dealing with competition, managing a staff, and so on. So, what benefits can you gain by prioritizing a succession plan?

Here are a few to consider:

- *You'll be prepared if your plans change.* You might be fully engaged in running your business now, but you can't always foresee where you'll be in the future. If a new opportunity came along, would you decide to take it? Or what if you experienced a health crisis and you could no longer run your business? If either of these situations were to occur, and you did not have a succession plan, you might be forced to act quickly and take steps — such as suddenly liquidating your business — that might not be in your best interest.

- *You can help avoid family squabbles.* If you have family members involved in your business or those who feel they should have a financial stake in it, you'll be doing yourself, and everyone

else, a favor by developing a business succession plan and communicating it to your family. Your choice of successor may not please everyone, but if family members know far in advance what to expect when you exit your business, there's less likelihood of bitter disputes that can arise when succession plans are ill-defined or poorly communicated.

- *You can develop your successor's management skills.* If you've decided that you want an internal successor, whether it be a family member or a current employee, your succession plan will give you time to help develop this individual's management skills, as well as their overall knowledge of your business and familiarity with your customers, vendors and other key parties. Of course, it's a different story if you plan to sell the business to an outsider, but even then, you'll want to be sure the new owner has the abilities needed to succeed.

- *You may help improve your company's performance.* As you prepare your succession plan, you may well find existing vulnerabilities in your business that you can address now. You also may find that you need to innovate in certain areas, define your long-term goals more clearly and identify the resources you'll need — human and otherwise — to sustain the level of growth you desire.

It may seem a long time before you'll leave your business, but *tempus fugit* — time flies. So, put a succession plan on your to-do list.

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