

Solutions

Business Succession Planning

A large hand appears, taps the screen and a flower shop appears. The hand enlarges the size of the business.

For many Canadians owning and operating a business is more than an income stream. It's a life's work, a passion.

The single flower shop becomes incorporated into a busy street scape of other business and offices towers.

But many business owners are so busy, they don't have the time to think about what happens when it's time to move on.

With a man and woman looking on, "Business for sale" appears on the window. 60% appears beside the text. A large hand peels all the text off the screen like a window decal. The hand slaps up 9% on the business plateglass window. http://publications.gc.ca/collections/collection_2017/bdc/lu134-1-4-2017-eng.pdf**

A recent study showed that 60% of small to medium sized business owners aged over 50 plan to exit their business in the next five years. The same study also showed that just 9% had a formal written succession plan.

A gavel appears on the window. The word "SOLD" appears next to it. Rack focus to the inside of the store as the father hands the son the keys to the store. The son hands the father the keys to the delivery van.

Will the business be sold to the highest bidder on the market? Will it be handed to someone in the family to carry on the legacy? What kind of role do you want, if any, with the business after ownership has changed hands?

Zoom back through the window. The mother plants a seed in a pot. The seed begins to grow under her watchful eye. It begin to bloom. She sticks a "For Sale" sign in it.

It's also important to think about when to begin developing a succession plan. Ideally, since it can be a five to 10 year process, a succession plan is best developed in a company's growth phase in order to get as much value as possible.

Zoom back to outside window. A polishing cloth puts an extra shine on the business. The cloth wipes across the screen to reveal travel brochures, a set of golf clubs and a world map.

A formal succession plan should be a critical part of your overall business plan because it can help you get as much value as possible for your company. It can also act as a framework for your future beyond the business.

The keys are handed over to another person. Symbols appear on screen depicting rising stock prices, money and a house.

A business transition can have a significant effect on an owner's personal wealth, and may require a different approach to investment, tax and estate planning.

A pencil draws a dotted path with symbols appearing along the path for a lawyer, an accountant, and a business valuator. Transition into closing frame of 'speak to your advisor'.

These are all topics to discuss with your advisor, who may also be able to refer you to other business transition specialists, such as a lawyer, accountant and business valuator. With the right team around you, helping to implement a sound succession plan, you'll be in a stronger position to achieve your business and personal goals.



Copyright 2018 Manulife. All rights reserved. This material is the property of The Manufacturers Life Insurance Company (Manulife) and is under limited license. It may not be copied, transmitted or used without Manulife's express written approval. Manulife is not responsible for any damages or losses arising from any use of this information. The persons and situations depicted are fictional and their resemblance to anyone living or dead is purely coincidental. This media is for information purposes only and is not intended to provide specific financial, tax, legal, accounting or other advice and should not be relied upon in that regard. Many of the issues discussed will vary by province. Individuals should seek the advice of professionals with respect to this information and any action taken. Manulife, the Block Design, the Four Cube Design and Strong Reliable Trustworthy Forward-thinking are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.

¹ www.theglobeandmail.com/globe-investor/personal-finance/taxes/stark-comparisons-show-the-importance-of-starting-early-in-building-wealth/article16459735