



Business succession planning checklist

Whether your company has been in the family for years or you built it from the ground up, you need to develop a succession plan. This checklist offers tips to help you get started.

Continuity of management, productivity and profitability:

Review and evaluate form in which business is operated (e.g., proprietorship, partnership, corporation, limited liability company, etc.) and the degree to which this form facilitates an effective and profitable conduct of operations and transfer of ownership.

Review and evaluate:

- Incentives for the attraction and retention of key employees
- Key employee life insurance to protect against the financial consequences of losing key employees
- Customer base and the degree to which their loyalty is transferable to new ownership

Assuring a market for business interest:

Find capitalization rates or multiples of earnings as typically applied to the valuation of businesses in the particular industry.

Evaluate the cost of starting a similar business and growing it to the size, stability and level of profitability of the business in question.

Consider using the services of a certified appraiser familiar with the industry and type of business, particularly if the sale may involve related parties.

Managing risk:

Are key persons and property fully insured to appropriate values?

Will the sellers retain an adequate security interest of some sort?

What provisions have been made in the event of bankruptcy or dissolution of a buyer or a seller?



Tax considerations:

Has a tax attorney or accountant reviewed the alternatives available, and explained the tax consequences of each to the sellers and buyers?

Will the loss of company-paid benefits lead to substantial negative financial or income tax consequences for the seller? Is there a feasible way in which such benefits may continue to be paid, in whole or in part, by the company?

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We're here to help you take **action**

You can reach out directly to your financial professional.

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