

1.2 Business Succession Planning

The research is clear - there is a significant gap in the population between those of an age who will be looking to pass on their businesses, either through sale or transfer to the next generation, and those looking to buy businesses. This means that succession planning has to start long before you wish to sell.

Of course, business succession planning means different things to different people. Some see it as transferring the business to the next generation family members. For the purposes of this website, TRDC consider succession planning to be

"the whole process of planning for the transfer of the business, regardless of the new ownership, taking into account all considerations including legal, financial, tax, and family considerations."

Are you thinking, "**I'm going to sell the business**", or "**I'm saving the business for the kids**"? Well read on about some of the myths about business succession planning.....

My Business is my superannuation.

Well maybe it is, but what if you can't sell your business, or if the business is worth less than you thought? Will you still be able to retire? What will your lifestyle be like in retirement?

My children will take over the business.

Have you spoken to them about it? Do they have the right skills to be successful? Do they have the same passion for the business you do? What is the most profitable way for you to pass the business to the next generation?

I am going to sell the business.

Recently, research by Grant Thornton International showed that 40% of small businesses will change hands in the next five years as the Baby Boomer generation retires. That is an awful lot of businesses coming on the market at the same time. To add to the problem, there are more baby boomers than younger generations. This means there are less people to buy your business. Unless there is something special about your business, it is going to be very hard to sell.

My business is different.

You have worked hard on your business, and to you it may seem different, or special, but someone looking to buy your business will not be judging it through rose coloured glasses. A buyer will be looking at your business, and comparing it to other opportunities and so you must work on your business to make it attractive to buyers long before you are ready to sell.

I'm too busy.

What do you earn an hour in your business? An hour every few weeks may be as little investment needed to significantly increase the return when you exit your business, both for yourself, and other members of your family. Just one hour with a professional could be enough to find out how much difference you could make to your business. It is worth it!

What should I do?

The Tamworth Regional Development Corporation is a not for profit organisation with the goal of promoting the Tamworth region. We have published the Steps for Business Succession so businesses in our region will grow. We know business owners are busy and so the steps are a simple guide, and quick to read.

Follow the links below for more information and resources on this topic:

[Australian Government Succession Planning](#)
[Do you have a Succession Plan - CA Australia](#)
[Farm Succession Planning - Rural Law Online](#)
[Keys to best Succession Planning Management - HR Magazine](#)
[Plan now, avoid the crisis later - Farmbiz online](#)
[Preparing for the next generation - News Limited Article](#)
[Succession Planning - Macquarie Bank](#)
[Succession Planning Checklist - CEO Online](#)[Succession Planning Resources - CA Australia](#)

Related Links:

Fact Sheet – Steps for Succession Success

Tamworth Regional Development Corporation
File: FS1.2_Business Succession Planning
Version: 1:00

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