



# 10 STEPS EVERY FAMILY BUSINESS SHOULD TAKE NOW TO PREPARE FOR TRANSITION

Even if transition is years away!

## 1. Determine how you will transition ownership

There are 8 options to consider both internally or externally. Identify the date of transition, and communicate – to the family, owners, and business.

## 2. Develop a CEO competency profile

It's not about replacing you, but finding the person who will get the business to its desired vision.

## 3. Identify other key positions set to transition

It's important to identify other key positions whose transition timing is approximately yours. If this applies to anyone on your leadership team, start a succession planning process for them now, including a leadership development program to nurture and grow candidates.

## 4. Clearly articulate the owner's strategy

Have a clearly articulated owner's strategy for the business – family core values, family core purpose for being in this business, vision for the business, strategy regarding liquidity, growth, control, and boundaries

## 5. Invest in building a Strategic Plan

Ensure a solid strategic plan focused on growing business value is in place AND being executed by the leadership team. You want to hand off a successful, thriving business.

## 6. Know your Lifestyle Number, BEFORE you exit

Determine how much money you will need to continue to live your desired lifestyle, while you still are collecting a paycheck and have time to make any necessary adjustments.

## 7. Build a quality advisory team

Build your transition team: estate attorney, CPA, financial advisor, and family business consultant in advance and be sure they are aware of what the others are doing for you.

## 8. Plan ahead for your taxable events

Establish how the company stock will transfer, including price, terms, etc... in the most tax-advantageous way. Be careful not to let the tax tail wag the dog – don't destroy the family to save a couple of bucks in taxes.

## 9. Check that all legal documents are current

Update all corporate documents, including shareholder agreements, buy/sell documents, etc..., so there are NO surprises for your successor, family or legacy.

## 10. Know what's next

One of the most overlooked steps for owners is designing their Next Chapter. It's crucial to figure out what you are transitioning to vs transitioning from.

Are you curious about how prepped you are if you wanted to – or had to – sell or transition the company today? **Book a call** to discover how Compass Point can help you transition successfully - on your terms.