

# KEY QUESTIONS TO ASK YOURSELF WHEN CONSIDERING A BUSINESS TRANSITION

## 1. Why do I want to make a transition?

Return to school? More time with family? Relax? Travel? More time for hobbies? Begin a new business? Develop next generation?

## 2. How much net income will I need to do that?

Do I have other resources? Do I need to sell the business in order to make my transition? How much net income will I need if I live to age 90? To age 100?

## 3. How soon do I want to make my transition?

By when? Will I be “fully out” or simply fill a lesser role or spend less time in the office?

## 4. Have I discussed this with my family, heirs and business partner(s)?

Is my spouse or life partner ready to have me around the house 24/7? Am I ready for that? What impact will my decision have upon my business partner(s)? Will they also want to transition out? Will they buy me out? Will they support a sale to an outside buyer?

## 5. What is the business worth today?

Do I know? How is that number determined? Would I buy the business today for that value? What am I doing to grow the enterprise value of my business to obtain the highest sale price?

## 6. Will my transition be a sale of the business?

If a sale, will it be an “inside sale” to family, employees, partners or combination? Or, will it be an “outside sale” to a friendly competitor, strategic buyer, industry consolidator, public markets, private equity or some other outside buyer?

## 7. Who else do I need to include in my transition process?

In addition to my attorney and CPA, what other specialists do I need to include such as an investment banker, insurance specialist, wealth manager, Employee Stock Ownership advisor (if considering an ESOP), tax advisor, business banker, family psychologist, key employees, other?

## 8. If I transfer the business to my heirs, will it be in equal distributions?

Will I share it equally to heirs not involved in the business or only to family members already in the business? If the later, how will I make up for the value to the non-business heirs? Does equal distribution of my estate to heirs matter to me (or my spouse)? How will I resolve potential conflict among my heirs?

## 9. Do I have successful management team in place to carry on after my transition?

Do I need to upgrade certain members of the management team? Provide more training? If I wish to keep the business in the family, are family members qualified to lead, or should we consider outside, professional management?

## 10. How will the sale be financed? Am I willing to carry back paper (and carry risk) post-sale?

Will it be structured as a lump sum, or installment sale? Will the sale be assets or business stock?

## 11. How much will my transition cost me in taxes and other costs/fees?

If given the choice between paying taxes or redirecting the taxes to support charities of my choosing, which would I choose: supporting the government or supporting charities of my choice?

## 12. Where do I go from here? What do I do next?

To move forward in a transition, what changes do I need to make in my estate plan, investment allocations, management team, advisory team?

### R. J. Kelly, ChFC, CLU, IAR, MSFS

Founder & President - Wealth Legacy Family of Companies®

*“Trusted Advisor to the Exceptionally Affluent Business Owner and Professional”*

Office: (858) 569-0633 x111, Cell: (619) 972-4488, Toll Free: (800) 975-5355

Email: [rj@wealthlegacygroup.com](mailto:rj@wealthlegacygroup.com); [www.wealthlegacygroup.com](http://www.wealthlegacygroup.com)

Co-Founder – The Center for Wealth & Legacy™ [www.wealthlegacycenter.org](http://www.wealthlegacycenter.org)