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succeeding at succession

make a start - it may take time to evolve a succession plan

From the legal perspective perhaps the key elements for a Successful Succession Plan (which will outline the way a business should be managed after the retirement/death of the current owners) are:-

- Passing on ownership - how to do it?
- Minimisation of taxes.

Passing on Ownership

To whom?

- Immediate family members or
- Key employees or
- Third parties.

A succession plan must align:-

- Personal objectives
- Family objectives
- Financial objectives

how to start and then develop your succession plan

1. Summarise Key Information/Assemble Key Documentation

For example:

- details of land holdings, distinguishing between owner occupied and tenanted holdings (with deeds and leases and tenancy agreements if and as available/appropriate)
- details of any debt and how the debt is structured and secured
- details of the business and copy accounts (for say the last 3 years)
- details of all other assets
- details of family/key employees/third parties/potential beneficiaries to be provided for (whether in lifetime/on death)

2. Determine/assess strengths and weaknesses and leadership capabilities

- Who will be running the business?
- Who is best equipped to run the business?

3. Clarify family and business values and requirements

- The concept of fair vs equal

4. Clarify what likely successor(s) want and need

5. Assess the financial implications/ramifications of the Succession Plan

- Will the method of the proposed exit strategy finance your requirements in retirement and/or requirements for family not involved in the business?
- Is the plan achievable?

6. Assess whether your financial security will depend on the future success of the business

continued overleaf...

Evolving your Succession Plan can be a difficult process and it can be a long-term exercise. It is very easy to avoid undertaking the planning because it is time-consuming and the day-to-day demands of the business very often “get in the way”.

It is easy to find an excuse to delay starting the process!

- You don't want to face the prospect of retirement (perhaps seeing it as a sign of age/infirmity!).
- You're reluctant to hand over the reins of a business which you have taken a huge pride in building and developing.
- You have difficulty in identifying the right people/the right members of the next generation willing and able to take the business forward.

BUT, sooner or later the inevitable will happen and the business will be passed on either voluntarily by you (as part of the planning strategy) or involuntarily (by virtue of death).

Planning for succession means that you take control of the situation - remember the old saying **“if you fail to plan you plan to fail!”**

If achieved the Succession Plan will provide a blueprint:-

- to take forward and evolve the business, very possibly retaining a strong family identity.
- to safeguard a lifetime of hard work.
- to ensure harmony and maintain family unity with a proactive family and business succession transition.
- to pass business control to the right people.
- to enhance the prospects of ensuring the next generation's hard work, loyalty and commitment and, through that, prospects for growth and development - family members running family companies take a longer term view/go the extra mile. It's not just a job - it's a common cause.

and the benefits!!!

- Peace of Mind
- Greater Security (Financial and Emotional)
- A Customised Solution and Smooth Transition
- A Saving of Stress, Time and Tax - and probably Professional fees!
- You have faced and tackled the unpredicatabilities of life eg. death/disability

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