

Embedding transition planning into business strategy

Is your business transferable?

WIPFLI

Every private businesses will eventually transition,
either voluntarily or involuntarily.

The question for you today is how much
involvement and control do you want over that process?

Overview

A successful transition begins with a pathway to prime

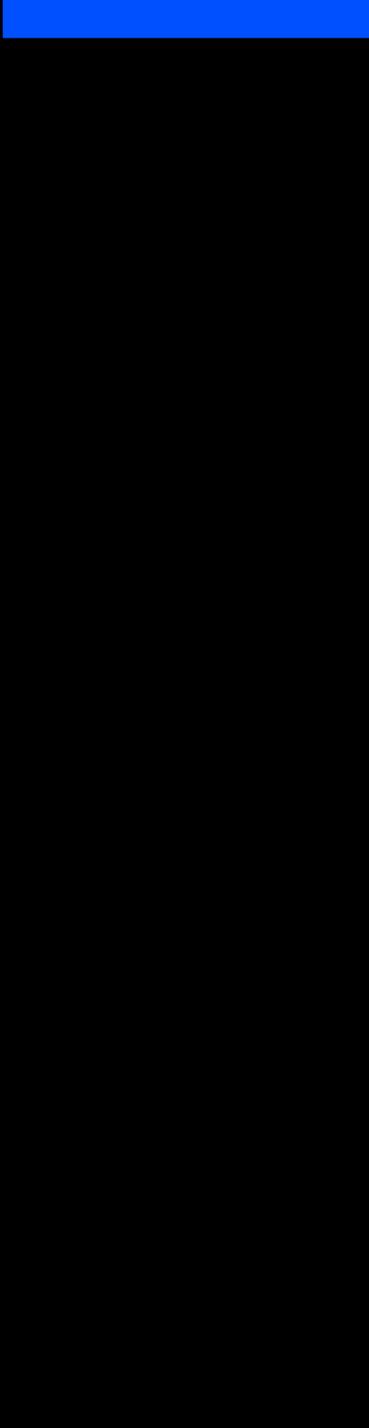
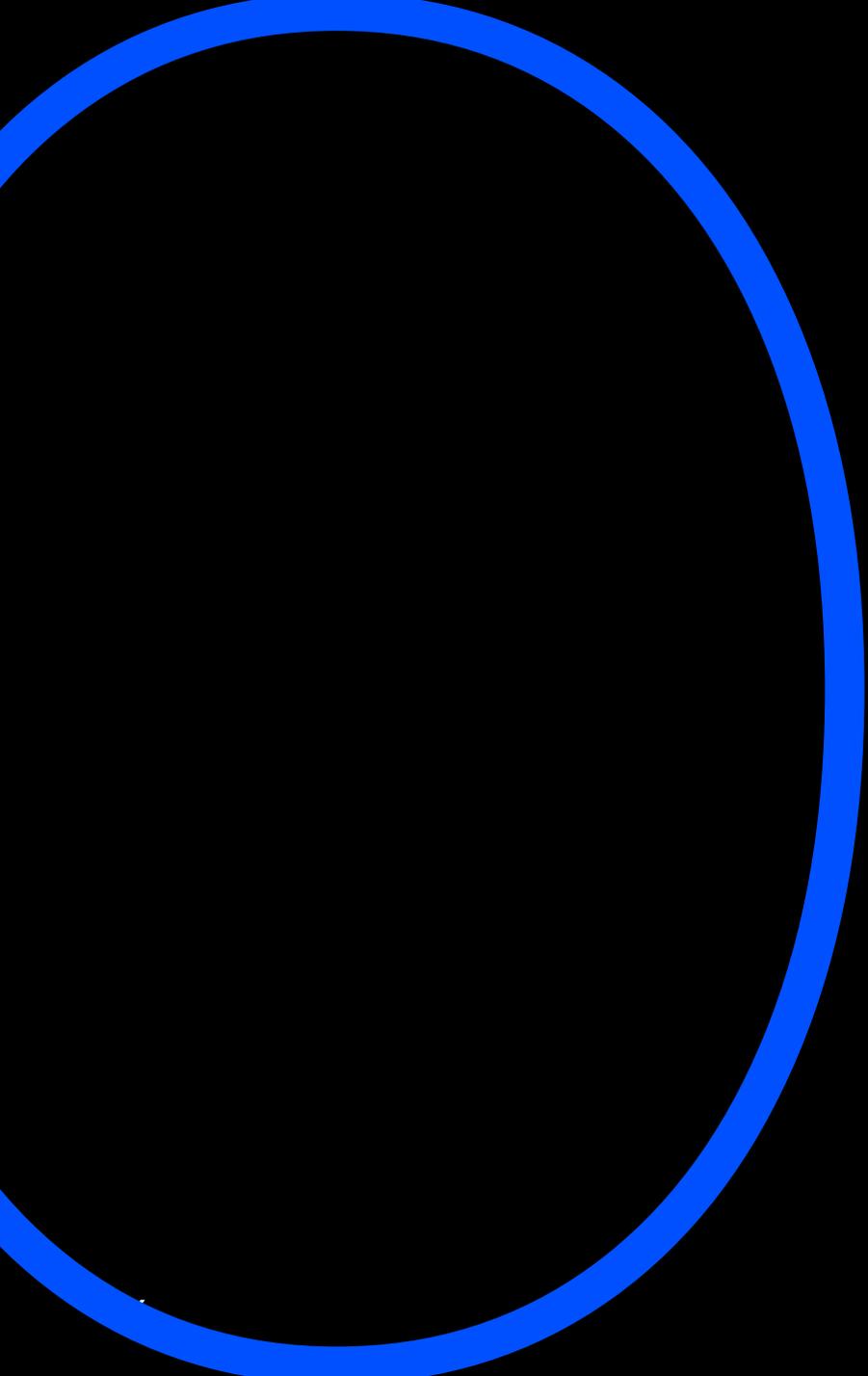
01

How does prime relate to transition planning?

02

The pathfinder process

03



**A successful transition
begins with a pathway
to prime**



Prime: (noun): The most active, thriving,
or satisfying stage or period.*

*Merriam-Webster

Why does being in Prime matter?

The ugly truth about transition planning is that the success and health of the company is **directly related** to the transition **options available** and the **success rate**.

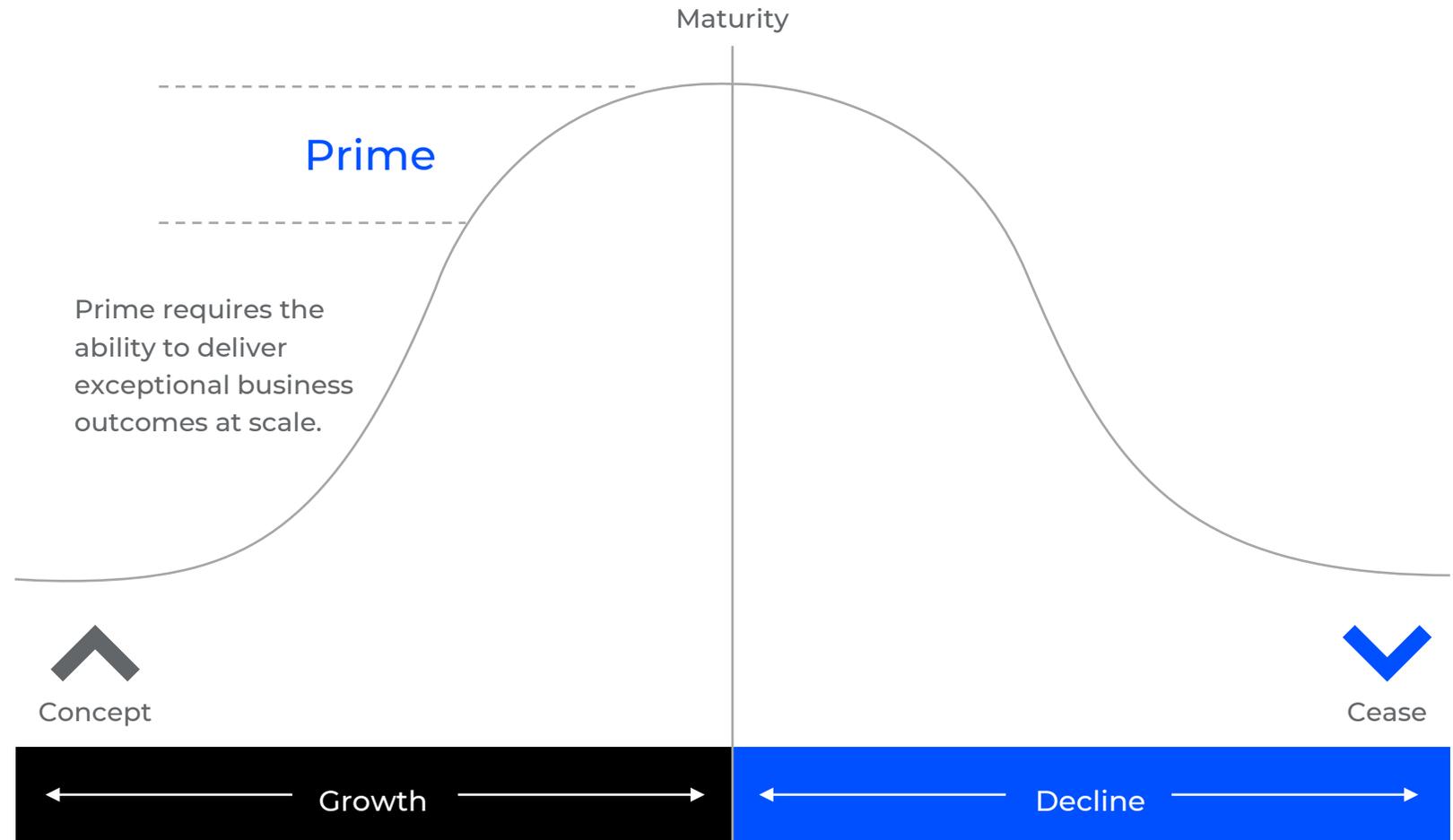
Build a high-performing company

The companies in **Prime** see better business outcomes than others, including

- Increased efficiency
- Greater profitability
- Faster speed-to-market
- Better client experience
- Enhanced service innovation
- Energized culture
- Improved revenues
- Improved talent
- Stronger team

Build a high-performing company

The prime state



Build a high-performing company

Prime velocity wheel



Companies in Prime



Prime is not a **destination**.
It is a state of being.

It is when your business is future ready



**How does prime
relate to transition
planning?**

Like prime, transition planning is a process

- As a general definition, it is **the “process” of deciding when, how and to whom** you would like the business to be transitioned in order to protect the company, its employees, its clients, and its value.
- **Transition planning is a team sport** that may involve family members, senior executives, and outside professionals.
- **Transition planning should take time.** Rapid transitions plans are often poorly done and not tailored to your individual needs and desires.
- **Transition planning is a game of inches.** Small things add up and matter in the long run.
- Decisions that you make now, or elect not to make, will be a major factor in deciding the future of your personal and professional lives.

There are two limiting factors to a successful transition



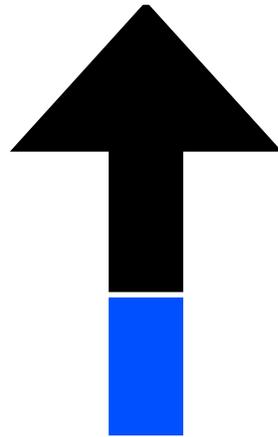


**The pathfinder
process**

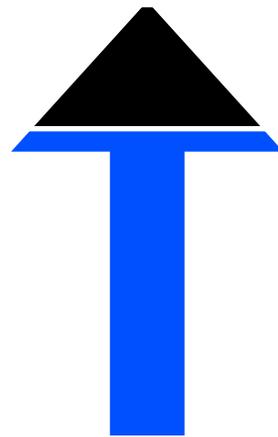
Understanding pathfinder

- Pathfinder is Wipfli's **business transition planning process** that provides a personalized client experience which **jumpstarts the business transition process** and facilitates the efficient and prudent delivery of advice.
- Pathfinder provides business owners with a **collaborative planning environment** so they can make the most informed decisions to accomplish their personal, professional, and corporate objectives regardless of where they are in their lifecycle.
- Our relationship is designed to delve as deeply as necessary to provide clients with the advice necessary to **make educated decisions and transform motivation into action**.

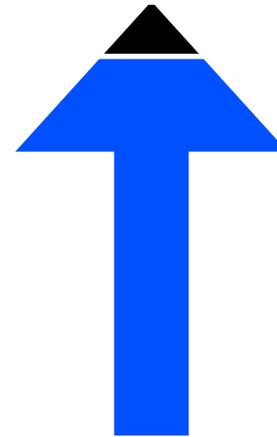
The pathfinder method



**Assessment
& discovery**



Collaboration



Roadmap

Step 1 - assessment & discovery

- **The Assessment is a structured interview** carried out by a member of the Business Transition Group that is designed to allow a respondent to discuss his or her thoughts/feelings/needs/wants with respect to their business transition goals.
- Interviews are conducted individually to allow the respondent to voice their concerns in their own way.
- **Discovery is a review of a client's business and pertinent personal information**
- We typically request standard financial performance information about the business as well as any relevant personal information from the respondent.
- Wipfli's BTG team includes a wide variety of professionals who can review the information and provide valuable comments for the business owners

Step 2 - collaboration

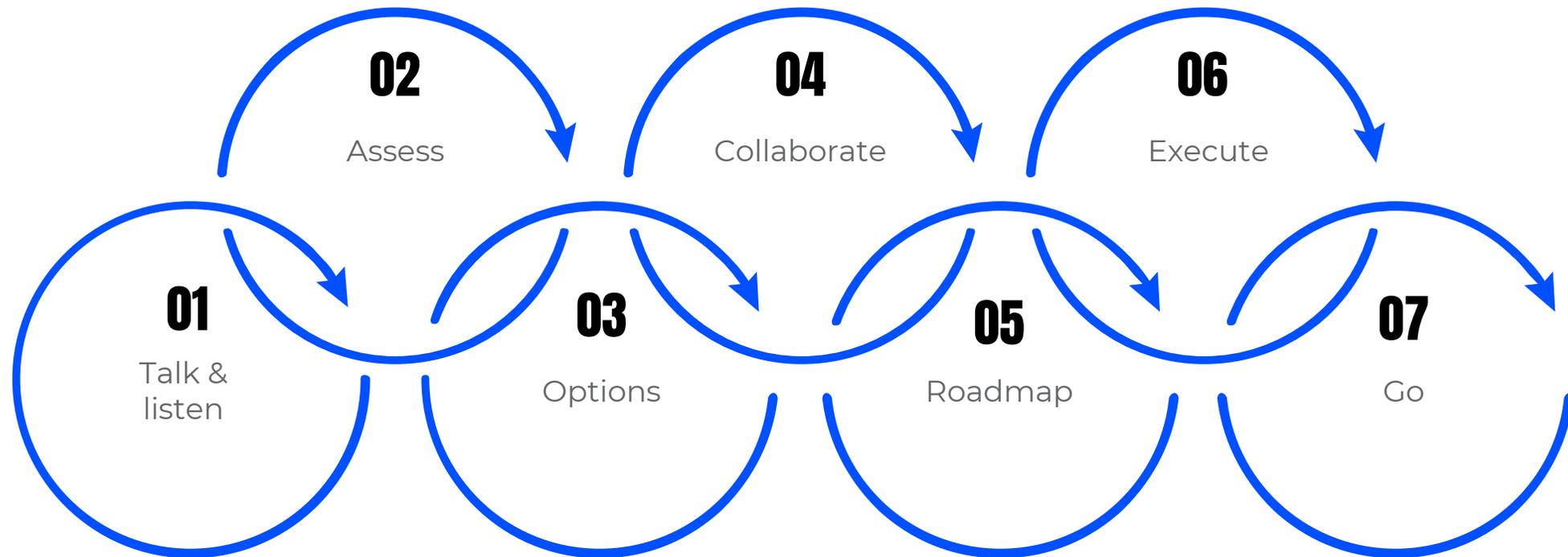
- **Collaboration is the heart of the Pathfinder Process**
- During the Collaboration a team of Wipfli professionals sit with the client to architecturally design their plan.
- The interactive, back and forth between the business owner and the Wipfli team is designed to spur conversation, discuss options and arrive at a path forward.
- Each step is discussed within the context of the client's overall strategic goals.

Step 3 - the roadmap

- Upon completion of the Collaboration, **each step of the path will be known and understood by all**
- After the meeting, Wipfli puts the plan in writing along with the following for each step:
 - What does this step accomplish?
 - Why are we doing this?
 - Who will be involved?
 - Where will this impact other strategic objectives?
 - What is the timeline?

What you can expect

The path isn't straightforward. Nor is it the same for everyone.



Have a plan B

The unfortunate truth:

Without a written succession plan, your estate plan becomes your default transition plan.

Why do business owners delay transition planning?

- The entire process seems daunting and unpleasant
- The owners may not wish to retire
- They don't know who to call for help or how to start the process
- They worry about being "fair" to all potential successors
- Fear of straining interpersonal relationships
- Concern about how to acknowledge key personnel who are not in line for ownership
- Difficulty discussing financial matters and personal goals with others
- Struggle to disconnect from day-to-day urgencies to focus on long-term planning
- They feel that successors are "not yet ready" to assume control and therefore nothing can be done
- The perception that it is a cost to be incurred with no immediate benefit

Who should be on the transition team?

- Business owners traditionally keep much of their decision-making process internalized.
- Because of this habit, subject matter experts are often unaware of an owner's goals, and the other professionals with whom they are working.
- This lack of coordination leads each professional to plan singularly, rather than as part of a larger strategic objective.
- **Assembling and coordinating your team is essential.**
- A typical transition team involves the current business owner(s), corporate attorneys, estate attorneys, tax professionals, financial planners and others.

Keys to remember about transition planning

- This is a **process, not an event.**
- **Patience is a virtue.**
- **Transitions take teams.** Every business transition involves numerous professionals with different areas of expertise. You must harmonize their efforts to achieve your goal.
- While the process generally remains the same – **each situation is unique.** A cookie-cutter approach will not get it done. **Use a proven, process-oriented approach for the best result.**

Action steps

- Ask yourself – Is my business transferable today?
- Maximize the transferability of the business.
- Recognize the need to plan.
- Assemble the right team for the job.
- Determine when, where and how you will leave the business.
- Understand that your business transition objectives and personal financial objectives are connected.
- Treat succession planning as an everyday business activity, not one more item on your “to do” list.
- Discover who and what you are beyond the business and set a course for the next part of life.

As the saying goes,
“A failure to plan, is a plan for failure.”

Everything starts
with a conversation

