

## ***Business transition services***



Transitioning your business is one of the most important decisions you will ever make. Whether it's selling the business, keeping the business in the family or transitioning leadership to heirs or a non-family stakeholder, the path to a successful outcome can be challenging.

### **How challenging?**



Consider this, only **30%** of family businesses survive into the second generation.

— *Succession Planning,*  
*Family Business Institute*

### **Why is this?**

The word “succession” itself can provoke an extreme emotional reaction, especially in the current generation of leadership. It's an unwelcome reminder of age and mortality, and threatens loss of influence. Or perhaps, the younger generation is not interested or ready to take over the business and this threatens the family's identity and legacy. No wonder so many incumbent leaders avoid the issue of succession.

But this creates uncertainty and can lead to a complete disconnect between what the incumbent is privately planning, and what the next generation is expecting. All the more reason why it helps to have the transition process managed on a professional basis.

### **How we can help you**

- Advising on transition strategies
- Consulting on succession planning
- Advising on business transformation
- Identifying tax efficient transfer solutions
- Strategizing on owner liquidity
- Supporting the next generation in leadership role
- Supporting business sale and/or leadership transfer

**73%** of family businesses do not have documented succession plans.

— *PwC's 2014-2015 PwC's US Family Business Survey*



## How we have helped others

### Transferring the family business to four children

The founder wanted to transfer the family business to his family members, but was concerned about what might happen if a family member ran into financial problems or wanted to sell their share of the family business. The founder also wanted to make sure that a non-immediate family member could never become a shareholder in the family enterprise.

### Keeping it in the family

We helped our client create a step-by-step succession strategy, including considerations to ensure the return of a family member's shares to the founder in the case of personal bankruptcy or other financial stress. We also advised on the creation of new articles of association for the company, including special provisions preventing the transfer of shares to non-family members without the consent of the other shareholders.

### Sudden death of founder without succession plan

The chairman and CEO of a family business was its sole shareholder, but he died without a succession plan in place. Left as it was, his estate would have been liable for extremely high inheritance taxes — and created ownership and management issues that none of the stakeholders were willing to manage.

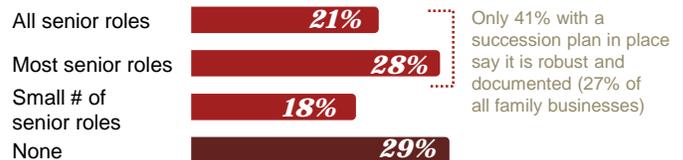
### From one, many

We presented several options to the family members, laying out the tax consequences of each one. In the end, the surviving spouse and her children decided to spin off the company's largest division and sell other business assets. This strategy resulted in the family retaining a less complex and manageable business that preserved their legacy and minimized transfer taxes. As part of the overall plan, we also helped the family create trusts for future generations, as well as charitable foundations so that the family was able to continue its support of their community.



### Succession status

Companies with a plan for key senior roles



Five percent of respondents replied either "don't know" or "other."

*PwC's 2014-2015 US Family Business Survey*

#### For more information:

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