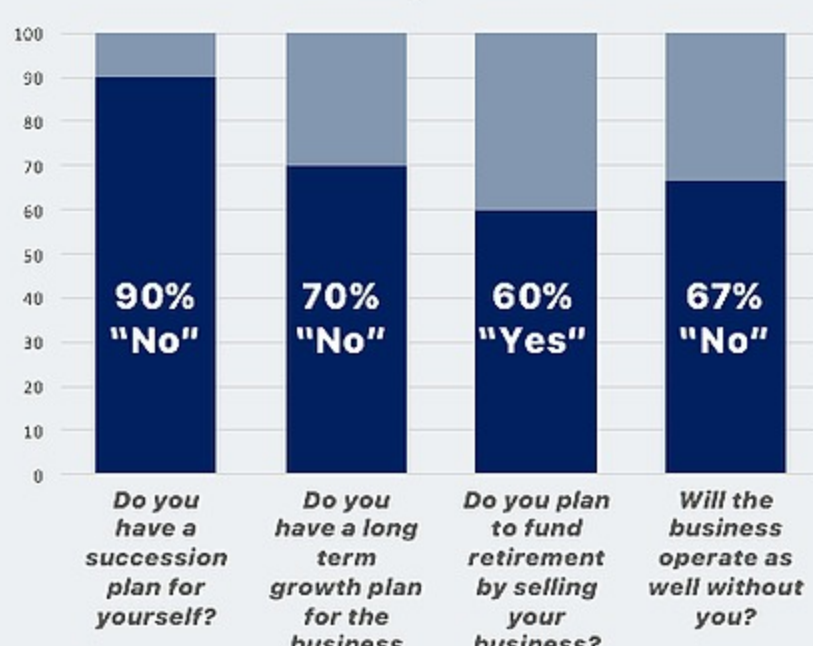


A Business Owner Needs These 2 Plans

The most successful business owners will typically have a clear **growth plan** in place to guide their actions for building a stronger company. They will also have developed a long term **succession plan** to describe what happens when they ultimately transition from the company. It may come as no surprise to know that ***not*** having these plans in place may *significantly reduce an owner's income and wealth*.

Business Owner Survey Insights

Owners Don't Typically "Plan", But They Should



Business Owner Survey

A recent survey of 500 small and medium-sized business owners found two of their biggest concerns were growth planning and succession management. The same study found that over 70% of the owners did not have a formal business plan in place, and over 90% did not have a succession plan, even though 2/3 of the owners thought their business would operate poorly without them. And nearly half of business owners in another study said they would fund retirement through the sale of their business. These facts don't add up – and point to sub-optimal behaviors, with significant value destruction, born by the owners. Poor growth planning can half the value of your company. Poor succession planning may mean any buyer will discount the amount they pay for your business to reflect the cost of a potential leadership vacuum and the challenges of bringing on a replacement for you.

What Are These Plans For?

A small business is nearly always the largest asset belonging to the owner, even though most owners procrastinate when it comes to the development of long term planning. A *growth plan* will detail business priorities and the initiatives required to ensure success. Execution is far more important than a solid growth plan, but a company without a growth plan will under perform one that does. The plan should be measureable and describe accountability and a key milestones.

Similarly, a *succession plan* will define what happens when an owner is nearing their exit from the company. Unlike big companies, small businesses and partnerships without a solid succession plan may fail when the business leader or owner retires or otherwise leaves the company.

If done well, these plans ensure the current owner of a business will be able to realize fair value for their hard work when the time is right. From our experience, the business owners who develop concrete growth plans for their business also plan well for their ultimate succession, transition from their firm, or a business sale.



Key Questions

As a business owner, you should be able to answer the following important questions:

1. Do you have a set of clear personal goals? What happens if you leave the company?
2. Is your business at Full Potential?
3. Are you confident that you are on track to achieve these goals?

Our experience talking to hundreds of businesses over the years informs us that owners do not spend enough time on these questions. Some times a business owner can find the answers to these questions themselves, and sometimes they may need help from an advisor.

Muir Case Study

In one example Muir worked with an owner who had built a successful profitable services company. After discussing and evaluating his options with him, he told us that he wanted to build a much bigger company. Because he had a large share of his wealth tied up in his business, he was cautious about driving growth. After Muir and the owner developed and implemented plans for faster growth, Muir invested in the company. The owner liquidated a share of his equity, and in doing so, created a stronger willingness to accelerate the performance of the business. Now, after 2 years working together, the business is in a much stronger position, with the owner's wealth at an all-time high.

Call to Action - A Business Owner Imperative

Please call us for an introductory conversation if you think we may be able to help. Whether you want to exit the business tomorrow, or in 10 years, you should think about these issues now. It will add clarity to your purpose, both personally and professionally. Your goals may include doubling the company's size before you move on, a path for you to enter new markets, or launching new products. It may mean getting the business to the point when you can liquidate your equity and achieve a certain lifestyle for yourself. From our experience, most owners have some number they want to achieve for themselves before the move on to their next phase, whether this be in another company or in retirement.

Creating a growth plan for the business and a succession plan for you will help you to build your legacy, position your company for greater long term success and maximize your economic outcomes. It will require time and effort, but it's well worth it.