



# Succession Planning

- Planning for a profitable and painless exit from your business -

Presented by  
Steven Heller  
and Stephen Bushell

# Your presenters today:



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“Succession planning is a process for identifying and developing new leaders who can replace old leaders when they leave, retire or die.”





# It's our goal today to:

To assist you to explore your options, confidently navigate the potential pitfalls and create a clear action plan for the implementation of a succession plan.

# What will we cover today?

- ▶ What is a succession plan and why every business owner needs one
- ▶ Exploring the internal and external succession options
- ▶ Appreciating the essential steps involved in developing a strong plan
- ▶ Discovering the major challenges you will face and how to overcome them
- ▶ Navigating the tax and structure implications
- ▶ Understanding core business valuation guidelines
- ▶ Creating an action plan to move forward



An invitation...  
*for a complimentary*  
*Succession Planning Discussion*



# Quick Polls First...



# Focus Area One

*“What is a succession plan  
and why every business  
owner needs one?”*

# What is a succession plan and why every business owner needs one

- ▶ We all need to look to the future and build a business towards a logical transition
- ▶ Things change rapidly, not just the business we are in but the demand upon us personally
- ▶ Are we building a business or simply working another job
- ▶ Growth will require staffing at some point and these people will look to the owners for a growth plan that might involve succession
- ▶ We need to know how much we are relying upon our business to fund our retirement or wealth planning
- ▶ Do we know what our business are really worth?

# Focus Area Two

*“Exploring the internal  
and external succession  
options”*

# Exploring the internal and external succession options

## Internal

- ▶ ‘Seats on the bus and right people in the seats’
- ▶ Current performance, potential performance, readiness and timing
- ▶ Family members involved in the business

## External

- ▶ External may be required to fill gaps in the plan
- ▶ Import additional skills needed
- ▶ Recruit for growth and expansion
- ▶ Identify need, recruit to fit and build the team

# Focus Area Three

*“Appreciating the essential steps involved in developing a strong plan”*

# Appreciating the essential steps involved in developing a strong plan

- ▶ We need to look at business as separate from the individuals
- ▶ Who are the key stakeholders in the process
- ▶ Does our family who have probably sacrificed for the business have a view how it should be run or owned in the future
- ▶ Do we have the skills in the current team or family members to arrange succession
- ▶ What are the owners plans for growth and exit
- ▶ How will the owners manage the transition of the business

# Focus Area Four

**“Discovering the major challenges you will face and how to overcome them”**

# Discovering the major challenges you will face and how to overcome them

- ▶ Consider all the steps involved and assess the weaknesses we have
- ▶ Look at future opportunities that the new world is presenting - will they aid or crush us as we are now structured
- ▶ Are we able to have adult conversations with key players e.g. children that may or may not have the talent or skills to takeover
- ▶ What about Mum & Dad who have built the business can they move on?

# Focus Area Five

**“Navigating the tax and structure implications”**

# Navigating the tax and structure implications

- ▶ Not all business structures are well suited to implementing a succession plan
- ▶ Which ones work and when?
- ▶ What can I do now to help me later?
- ▶ Ensure all tax outcomes are considered to ensure no surprises during the process
- ▶ Consider what assets are being transferred, to who and when
- ▶ Change of control considerations and timing
- ▶ Can estate planning assist with succession planning, ie. timings

# Focus Area Six

**“Understanding core  
business valuation  
guidelines”**

# Understanding core business valuation guidelines

- ▶ Consider industry accepted methods of valuation and are they applicable in every case
- ▶ What consideration, if any, will be paid and when
- ▶ Application of any discounts on valuation
- ▶ What needs to be done to effect the valuation
- ▶ Who will fund the transfer of business and how
- ▶ Inter-generational succession plans
- ▶ Core assets vs surplus assets, consider restructuring earlier than succession event

# Focus Area Seven

“Creating an action plan  
to move forward”

# Creating an action plan to move forward

1. Identify the desired outcome and timings
2. Review current people resources
3. Do we have the right people in the right positions?
4. Review current business structure
5. Share the succession plan with key people
6. Formulate milestones to measure progress
7. Begin the execution process
8. Monitor progress and check milestones
9. Allow for delays and external factors
10. Do you have a back up plan?

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<http://bit.ly/AFTASP>

# DFK Australia New Zealand

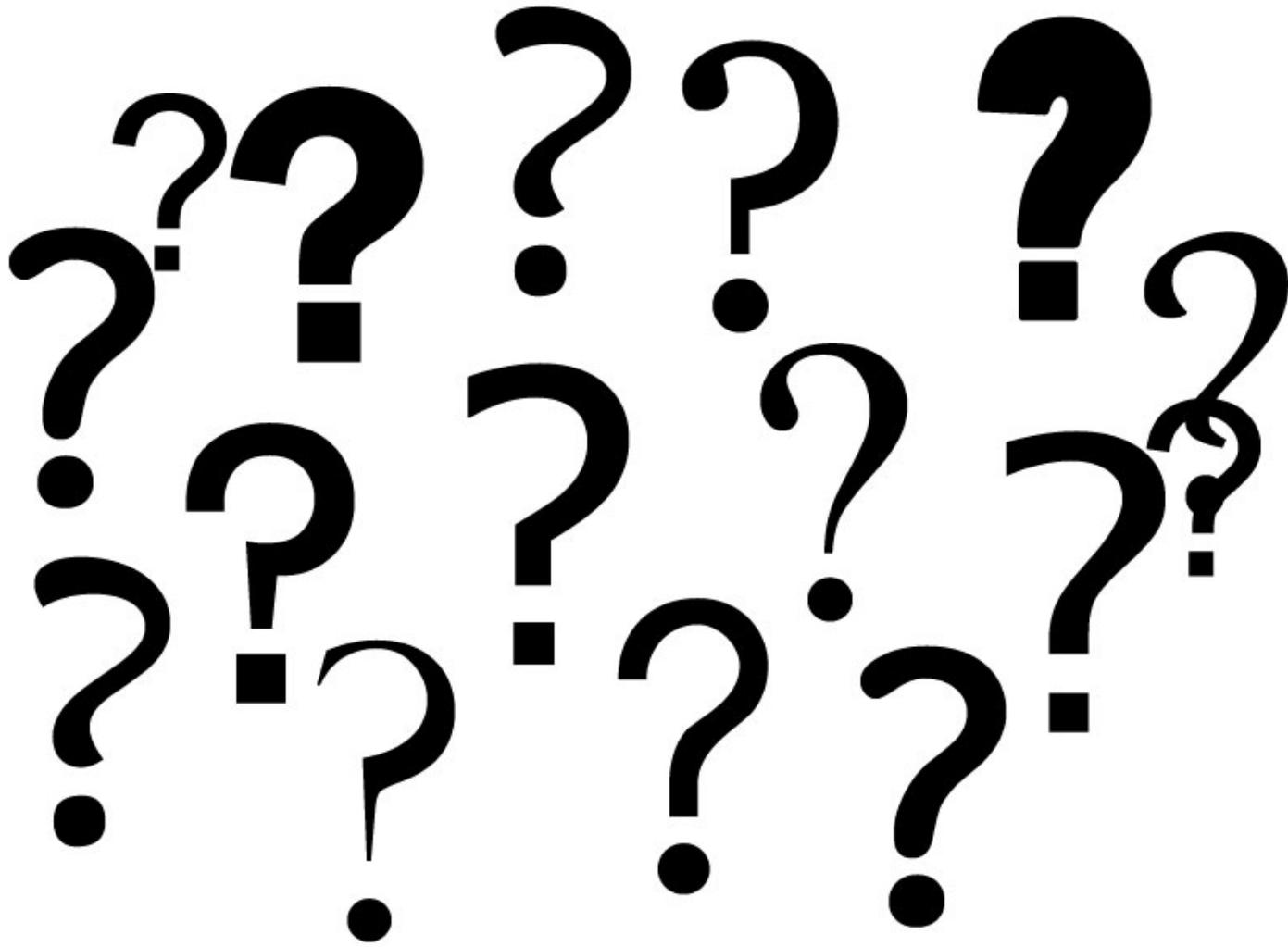
- ▶ DFK Australia New Zealand (DFK ANZ) takes care of clients across a complete range of industries, providing accounting, taxation, audit and assurance, business advisory and consultancy services.
- ▶ DFK is comprised of 14 independent member firms both within Australia and New Zealand, and we are a part of the Global DFK Association with 214 firms across 92 countries .
- ▶ We can seamlessly service clients across the country and across the world, a need that's becoming more and more commonplace in today's fast moving global economy.

*Local Knowledge.  
National Connections.  
Global Reach.*

# How else can DFK ANZ help?

- ▶ Strategic Planning Workshops
- ▶ Business structure and set up
- ▶ Business valuations
- ▶ Due diligence
- ▶ Accounting, tax, compliance assistance
- ▶ External, non-executive director services
- ▶ Regular mentoring meetings

# Questions?





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**Thank you**  
**for attending our Webinar**

*\*This material is not advice. You should not act solely on the basis of material contained herein. Due to the speed of developments in tax law and the summarised, general nature of this material, we recommend our formal advice be sought before acting in any of the areas covered in this material.*