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Business Owner Final Transition – Strategic Thinking

Your golf buddy who owns a travel agency asked you to meet for lunch. While at lunch, he dies.

Beginning this afternoon and for the next ninety days, how well will his business operate without him returning from lunch? How well will the wife (or husband) and his or her children be eased and comforted? The owner is not here and will not be returning. How well will their family be permitted to mourn, free from needless interruption, and their business carry on?

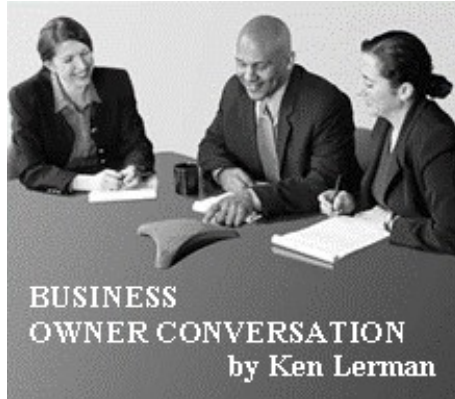
Reality

Are these fair questions for a responsible business owner to consider right now - today?

Business Owner Transition planning is far beyond your lawyer, banker, your will, a buy-sell agreement or a variety of insurance/estate planning efforts.

This "Transition Plan" is for your family and your business. It documents that you have ensured a smooth transition when you die.

Your family and employees will be in a sense of despair and shock without you. The day you die, there will be no company at the dinner table – just funeral arrangements and many calls to make. In your business, there will be no personal or evident owner passion to guide and direct immediate management actions.



Purpose/Outline

A sound Business Owner Transition Plan includes its purpose (peaceful and harmonious activity), with clear, documented objectives (your directives) and identified resources for the first 90-180 days of your absence while detailing the continued and active care and guidance of those closest to you.

A Business Owner Transition Plan greatly eases family and business anxieties when the business owner dies. Over the past years, with several close business clients, I've developed a confidential, thorough and updatable Transition Plan that both their spouse and management teams greatly and realistically appreciate,

Just as you documented business objectives, strategies and tactical plans for implementation – you need to do the same for family and your business before your passing.

1. Family

You select a personal representative who you coach and keep updated annually. Your representative (usually a relative) will supervise all family administration immediately upon your passing. This frees up your family, allowing them the time they need to mourn you and begin their healing process.

There is no need of a signed declaration unless you want it. This representative makes all contacts for your family – funeral director, extended family, lawyer

(for will processing), banker (for estate plan transfers), insurance rep (for payouts and buy/sell activities), stock brokers, professional associations, etc. You have carefully outlined and updated contact names, relationship, phone numbers, email addresses, policy and certificate numbers, their location and worth. Your representative will ensure all parties are carrying out their responsibilities in a correct and timely manner, again sparing your family from much administrative detail. Once this portion of the plan is completed, you should review it with some member of your immediate family and include your personal representative, if available.

2. Your Business

A “Transition Business Leader” is secured by you to ensure management plans and activities of the business are continuing in a proper and efficient manner. The “Business Transition Leader” might be inside or outside your business. For the immediate 90-180 days following your death, it would be best if they are present to focus on the management of your business.

They will oversee any management and organizational changes you want implemented. The Business Transition Leader reports directly to the shareholders and heirs of the business – providing periodic explanations and reporting of business finance and progress throughout the transition period. This interim leader should be compensated.

The Transition Leader ensures that customers, suppliers, your associations and media are appropriately contacted and communicated.

Having no transition leader or plan puts your business at risk.

In April 1982, my father retired. The next day he died. My business executive brothers and I didn't have a clue on how to take care of our mother who turns 90 this year. The funeral was on Sunday. Wednesday evening we found a catalogued and updated transition plan – with detail far beyond the above. Dad was an accountant. Well done, Pop – and thanks.

Next month I will continue presenting for you how to best keep your business current, relevant and competitive.

I am for business,

Ken Lerman

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