

Media Release

Launch of Succession Planning Book Welcomed...But Lack of Exit & Retirement Preparedness by SMEs Concerns Author

Wednesday November 27, 2013. The recently launched book *Enjoy It-Business Succession & Exit Planning* by author Craig West, Succession Plus Pty Ltd Founder and CEO, President of the Australian Chapter of Exit Planning Institute (EPI) has been very well received and acknowledged as an invaluable resource for SMEs seeking to maximise their exit or retirement potential.

Although extremely grateful for the very positive response the book has received as Craig West travels across Australia at book launch events in the main capital cities, the lack of exit and retirement preparedness by SMEs continues to be a major concern for the strategic business adviser and his team of consultants.

“The average age of Australian business owners is 58 (with 37% in their 60s), and are delaying retirement hoping their enterprises will regain lost value following the GFC. To compound the dilemma of these business owners, due to their age and other factors, they are in the high risk group for heart disease, cancers and other age related conditions”, said Craig West.

Citing financial planner advice, an average of \$1M will be needed to fund retirement as the nation’s population is living longer than ever before. With life expectancy constantly improving and today’s 50 year olds expected to live until 82; that’s potentially around 20 years to fund after leaving the workforce or an SME selling his/her business.

According to the MGI Australian Family & Private Business Survey (June 2013), the average age of family business owners is 58 years. Almost half of business owners surveyed see themselves working in the business beyond 65 years of age, with over 33% saying they will be relying solely on the sale of their business to fund their retirement.

Craig West continued, “For many Australians the family home is their greatest asset – but for SMEs, their business may well be their largest asset. So selling a business demands a strategic long term approach i.e. a vision for the future broken down into the steps required to achieve that objective”.

“Therefore to maximize the value and potential, the exit plan is required to be implemented well in advance allowing time for a smooth transition and any unforeseen contingencies”.

Currently, 34% do not have any adequately funded retirement plan (up from 17% in 2006).

Enjoy It-Business Succession & Exit Planning emphasizes that succession planning is a holistic undertaking that aligns the personal and financial goals of the owner with the business performance and value.

The book takes the reader through Craig West’s / Succession Plus proprietary 21 step process over five stages to assist SMEs understand the structured approach required to implement a successful strategic succession plan.

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|----------------|--------------------------|----------------|-------------------------|
| Stage 1 | Identifying value | Stage 2 | Protecting value |
| Stage 3 | Maximizing value | Stage 4 | Extracting value |
| Stage 5 | Managing value | | |

It is estimated that over the next decade the retirement of family business owners will see the transfer of approximately \$1.6 trillion in wealth, which surely must make succession planning one of the most significant issues facing SME owners.

Yet incredibly, despite 75% of business owners surveyed admitting their businesses are not sale or succession ready; 52% do not intend doing anything about it over the next 12 months.

The GFC and the more recently, the European crisis has had a negative impact on market sentiment around the globe. Cash is harder to access, and potential buyers drive a harder bargain, putting pressure on valuation multiples. Many Baby Boomers are delaying retirement because the value of their nest egg has diminished, whether that is in the share market, superannuation, real estate or the value of their business.

With estimates of 50,000 businesses for sale each year for the foreseeable future, the small business market may become flooded, which will put further pressure on business values.

Many SMEs will have no option but to simply close the door and walk away from their businesses.

"It makes sense for SMEs to start their exit journey when they are 'at their peak' – ideally when the business is doing well and the owners have the energy and enthusiasm required to make the appropriate changes", added Craig West.

"In the current market the best chance of success is to be prepared and plan ahead. If SMEs '*Begin with the end in mind*', they are much better prepared for making the right decisions along the way, following the steps towards their long term vision".

"In addition, an early start will provide a deeper understanding of the potential value of the business, and provide the owner with time to make positive changes to increase the chances of a good sale".

On a financial level, a well-planned business exit will not only enable the SME to attract a higher sell price, it will also assist to minimise tax on the proceeds, using staged payments, superannuation contributions and taking full advantage of tax concessions.

A business suddenly put up for sale may incur a tax bill that severely impacts the owner's finances.

Craig West concluded, "The owners that have started to plan their exit from the business, will have a much better understanding of its value and can tidy up loose ends in readiness for sale and be much better positioned to take advantage of opportunistic offers".

"And finally, if an owner does have to exit the business unexpectedly due to poor health or other issues, the further the exit plan has progressed, the better the outcome is likely to be for them and their loved ones. A poorly planned or poorly executed succession will often lead to dispute, poor customer experiences, business decline and financial pressure".

ENDS



Notes to the Editor:

Enjoy It-Business Succession & Exit Planning can be purchased online from the Succession Plus website www.successionplus.com.au and Amazon www.amazon.com

If you would like a copy of the book to review or wish to interview Craig West – please contact Succession Plus PR Consultant Mr. Joe Perri – details below.

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