

## Media Release

### Survey Reinforces SMEs Lack of Exit Planning Jeopardizing Future Retirement Goals

**Tuesday September 17, 2013.** Reflecting on the disturbing trends that were identified in the June 2013 MGI Australian family and private business survey, Succession Plus Pty Ltd Founder and CEO and President of the Australian Chapter of Exit Planning Institute (EPI), Craig West said that far too many SMEs were jeopardizing their retirement plans and futures through lack of planning and focus on the issue.

Craig West pointed to several disconcerting findings in the MGI survey that included:

- The number of business owners in the 60 to 69 year age bracket has increased by 16% in the last three years from 21% in 2010 to 37% in 2013
- 58% of family business owners indicate that the younger generation is not interested in actively managing the business
- The most concerning fact that 33% are entirely reliant on the sale of the business for cash to fund their retirement and yet 75% have not agreed or documented any proposed succession strategy.

“Any business, financial analyst or commentator would see the inherent danger within these numbers and that is simply that there is an increasing number of people approaching retirement age who are badly prepared for succession or exit but whose retirement funding will be at least partly and in many cases entirely dependent on them achieving some level of successful exit strategy”, said Craig West.

“Given that many business owners spend the vast majority of their time day-to-day actually running the business (red tape, bureaucracy, compliance and regulation have made that far more demanding and far more time-consuming than perhaps was the case 20 years ago) then they don't have the strategic focus required to implement such a strategy”.

During his presentations and workshops, Craig West regularly quotes Steve Covey's second habit, “Begin with the End in Mind”, to illustrate to business owners that they must be focused on determining their exit strategy and working towards it as a key aspect of managing the business.

Craig West continued, “Many advisers in this space also need to understand that a business succession or exit plan is not a project or document – it is a process and that often takes anything from 18 months to 5 years. In fact the most successful exit strategies have been implemented at least 3 to 5 years prior to exit”.

For the business owner, the comfort and certainty provided by a definite and defined process towards an exit may be the trigger needed to allow them to commit to the decision.

“In terms of national wealth several recent research studies have estimated the value of privately held business in Australia to be something close to \$3 trillion and if the exit and succession plan for those business owners is not managed correctly that wealth simply evaporates and disappears”.

“This challenge if not met will lead to a significant retirement funding gap for a large number of baby boomers approaching retirement”, concluded Craig West.

## ENDS

### Notes to the Editor

Unfortunately whilst there is much commentary on the issue of succession, there is very little practical advice in terms of designing and implementing and managing a successful exit for business owners.

To address this concern, Craig West recently published his book *Enjoy It – Business Succession & Exit Planning* and it will be launched in next month in Sydney followed by a national roadshow event that will include all mainland capital cities.

If you would like an advance copy of the book or would like to interview Craig West when he visits your State, please contact Succession Plus’s PR Consultant Mr. Joe Perri – contact details below.

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