

# SUCCESSION PLANNING



Protect your

*Legacy*

*Ascent*  
FINANCIAL

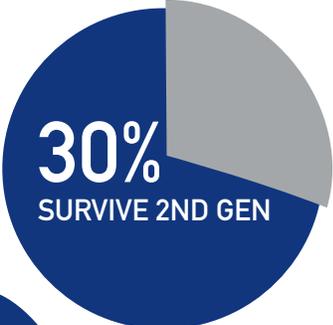
# Planning Ahead

Transition planning is something that could be considered inevitable for a successful business. For some people, this thought might bring anxiety or fear. But those that embrace transition, while viewing it as a sign of business success and a job well done, will have an amazing opportunity ahead of them.

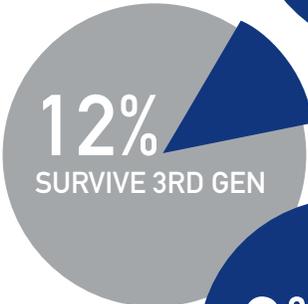
It is sometimes apparent which businesses have a long-term plan, and which ones don't. Characteristics of a business that has a long-term plan includes:

- Innovation with a drive for constant improvement
- Improved production and profitability
- The ability for expansion and growth due to their understanding of future obligations
- Successors investing the time into personal and professional development, because they know what is, and will be asked of them
- A senior generation who is comfortable with the migration of management and leadership because they welcome successor development and have developed their long-term personal plan

A business owner who is considering a transition plan has certainly realized success throughout their career. To be successful, they had to overcome unforeseen challenges, grow through tough times, and find a path to sustainability. But succession planning is something that can seem like a daunting task, simply because it is something that you have not done before. But when using a proven process, it can become reality that this sometimes intimidating task is achievable.



30%  
SURVIVE 2ND GEN



12%  
SURVIVE 3RD GEN



3%  
REACH 4TH GEN



Of the **70% OF FAMILY-OWNED** businesses that **FAIL TO TRANSITION** successfully, **60% FAIL** due to problems with **COMMUNICATION** and **TRUST**. **25% FAIL** due to **LACK OF PREPARATION** of the next generation.

# Our Process

**DISCOVERY:** An Ascent consultant will meet with the stakeholders of your business to discover the goals and objectives of each person. Time is spent understanding what is truly important to each person involved in the plan. Children who are not involved in the business transition plan can be included to ensure family harmony is protected throughout the process.

Your Ascent consultant will work with you to define the strengths of the business and uncover what will need to be addressed to allow for a successful plan. The discovery phase is often times considered the most important phase of the whole process. Once there is an alignment between all parties, the plan can continue to develop into the next stage.

**TEAM ASSEMBLY:** Your Ascent consultant will work closely with your current advisory team. This can include your CPA, attorney, lender, financial planner, insurance agent, vet, etc. It is often seen that when the client's advisory team is involved in the process, the client can have a plan that is exponentially better.

**FINANCIAL ANALYSIS:** The transition plan will be financially tested from all perspectives to improve decision making and to understand the potential long-term outcomes. To do this, long-range models will be built to illustrate the plan's financial feasibility. Without a clear understanding of how the plan will work financially, transition plan development can be hindered.

## COMPLETE SUPPORTING INITIATIVES:

Once all parties understand how the plan works financially, it is imperative that any remaining gaps are filled to improve the probability of a successful transition plan. This could mean the following:

- Developing the rules for entering the business
- Successor development plan
- Communication protocol
- Business expansion, enterprise optimization, reconfiguration, etc.
- Agree on buy-sell terms

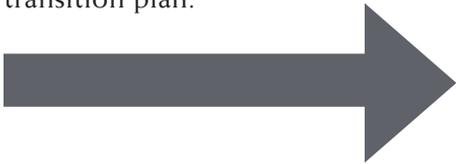


**PLAN IMPLEMENTATION:** Once the business has full alignment on vision between the stakeholders, the plan proves out financially, and all parties agree on the supporting initiatives, the implementation process can begin. During implementation, the following topics are often times discussed:

- Tax strategy
- Entity strategy
- Update finance structure
- Risk management plan, including insurance
- Proactive estate planning

**ONGOING MONITORING AND DEVELOPMENT:** A transition plan is not simply an event. It is something that evolves and transforms over time. It is important to continue reviewing the plan routinely. Ascent will stick by your side after implementation to help keep the plan on track.

Just like your business, each transition plan is unique. One transition plan might require different services than another. This is why Ascent has developed the following programs with qualified team members to compliment a transition plan.



- Personal Financial Planning
- Investment Management
- Insurance Planning
- Mediations and Conflict Resolution
- Estate Planning
- Lender Packages and Proposals
- Financial Reporting and CFO Services



# Starting the Journey

There is not a perfect time to start a transition plan, every business is unique. It is often said though, that those who start early improves the odds. Often times it can take years to develop a successor to be ready for management, or for the business to reach the targeted profit margin to complete a transition plan. These unknowns, if delayed, can become more challenging the longer they are ignored. The stakeholders who have designed a high-quality transition plan will be able to make the following statements:

- We have identified the successors of our business.
- We have the right people for this business to complete a successful transition. The successor(s) have the skill sets required or will be acquiring these skill sets.
- We have identified when the senior generation wishes to transition roles and responsibilities to the successor(s). The senior generation clearly understands their important role through this transition, and the successors understand what will be expected of them.
- The senior generation has clearly stated what they will be requiring financially from the business. They understand their income sources and have a plan that will meet their living standards.
- The business has a profit model that will support the senior generation's income requirements while providing opportunity to the successor.
- The successors understand the long-term potential of the business and have taken the proper steps to reduce risk where possible.
- The senior generation and successor generation have discussed living arrangements, and a plan is in place to allow all parties to end up living where appropriate.
- The senior generation understands when they could be released from financial liability of the business.
- The senior generation and successor generation have a proactive estate plan that compliments the business' long-term plan while meeting personal and family goals. Consideration has been given to the senior generation's children not involved in the transition plan. Steps have been taken to keep the business intact.
- There are provisions to the business and the succession plan in the event that there is an untimely death, disability, or early departure from the business.



**TRANSITION PLANNING**  
can seem like a **DAUNTING TASK**, because  
it is something that is **NEW** to your **BUSINESS**  
and **FAMILY**. But when using a **PROVEN PROCESS**,  
it becomes a **REALITY** that a **TRANSITION PLAN** can be **ACCOMPLISHED**.



## ASSURING the LEGACY THRIVES for GENERATIONS

Ascent's team has over 100 years of combined experience, has worked with thousands of families, and is positioned to assist your business through its next phase.



Jared Holt  
Consulting Director  
612-306-2162  
jared@ascent.email



Al Bennett  
Business Planning Consultant, CFP®  
507-381-1632  
al@ascent.email

12 Civic Center Plaza Suite 1645, Mankato MN 56001  
952-444-3100 ■ [www.ascentmn.com](http://www.ascentmn.com)