

## Business Name:

**Written By:**

**Date:**

**Note:** This document was written to provide an organizational framework for business succession. It is not a legal document. Any specific terms or agreements presented in this document will require separate legal documents (such as a buy-sell agreement) drafted by a legal professional, and signed by all parties.

# Part 1: Timeline

|  |  |
| --- | --- |
| Are you writing this to plan for retirement, to plan for the unexpected (death/injury), or both? |  |
| If you have a retirement date **in** mind, when will this be? |  |
| How long will the transition period last? |  |
| Additional Notes: |
| If you're planning for the unexpected, what events should trigger this succession plan? |  |

**Part 2: The Successor**

|  |  |
| --- | --- |
| Do you have co-owner(s) who will want to purchase your business shares? |  |
| Do you have a spouse or children who are good candidates to run the business? |  |
| Do you have key employees who might be interested **in**purchasing the business? |  |
| Are there any outside buyers who are good candidates to run the business? |  |
| Are you willing to list your business on the marketplace? |  |

**Candidate Profile #1**

|  |  |
| --- | --- |
| Name |  |
| Age |  |
| Relation to business |  |
| Years of experience (general in field) |  |
| Years of experience (management) |  |
| Key certificates/qualifications |  |
| Missing certificates/qualifications |  |
| Key skills/experience |  |
| Missing skills/experience |  |
| Key soft skills |  |
| Missing soft skills |  |

**Candidate Profile #2**

|  |  |
| --- | --- |
| Name |  |
| Age |  |
| Relation to business |  |
| Years of experience (general in field) |  |
| Years of experience (management) |  |
| Key certificates/qualifications |  |
| Missing certificates/qualifications |  |
| Key skills/experience |  |
| Missing skills/experience |  |
| Key soft skills |  |
| Missing soft skills |  |

**Candidate Profile #3**

|  |  |
| --- | --- |
| Name |  |
| Age |  |
| Relation to business |  |
| Years of experience (general in field) |  |
| Years of experience (management) |  |
| Key certificates/qualifications |  |
| Missing certificates/qualifications |  |
| Key skills/experience |  |
| Missing skills/experience |  |
| Key soft skills |  |
| Missing soft skills |  |

**Part 3: Standard Operating Procedures**

Find or create all of the following documents, and make sure they're recently updated. Once you attach them to this succession plan, check them off the list

|  |  |
| --- | --- |
| **Org Chart** | A flowchart of your employee structure, including roles, departments and who reports to whom |
| **Operations Manual** | A rundown of all daily functions - e.g. checklist for how to open & close a retail store; or a flowchart of how projects get completed |
| **IT Manual** | An overview of any computer, tech or software systems used by your business |
| **Employee Handbook** | A manual that covers company policies, procedures, culture, benefits, safety and more |
| **Training Programs** | A set of procedures for training and onboarding new employees in various roles |

|  |  |
| --- | --- |
| **Skill Retention Strategies** | Plans for ongoing training - e.g. quarterly meetings to review new strategies, or changes to employee handbook |
| **Performance Management** | An explanation of how employee performance is measured and re- viewed |
| **Meeting Agendas** | An overview of any other regularly-held meetings |

# Part 4: Business Valuation

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| --- | --- |
| What is the current value of the business? |  |
| What is your estimated business value at the time of transfer? |  |
| How will you determine the selling price of the business? |
| If the business is listed on the market, what is the lowest price you will accept? |  |

**Part 5: Finances**

|  |  |
| --- | --- |
| Are you selling your business to a co-owner, or transferring to a family member? (if so, head to "Life Insurance") |  |
| Are you selling your business to a key employee, outside party, or listing on the marketplace? |  |
| Do you prefer an upfront payment-in-full for your business? (if so, head to "Acquisition Loan") |  |
| Are you OK with installment payments made to you over time? (if so, head to "Seller Financing") |  |

**Life Insurance**

|  |  |
| --- | --- |
| Will anyone be purchasing a life insurance policy to fund the succession? |  |
| Who will purchase life insurance, and who will be the beneficiary? |  |
| Permanent or term policy? *(Note: term life insurance can typically only payout in the event of death. Permanent life insurance has cash value that can be used in the event of retirement or disability)* |  |
| What will be the death benefit? |  |
| For term life insurance, what will be the term length? |  |

**Acquisition Loan**

|  |  |
| --- | --- |
| Will your buyer consider an acquisition loan to purchase the business? |  |
| Which buyer? |  |
| Is your buyer qualified to receive an acquisition loan? |  |
| Has your buyer received pre-approval or a letter of intent (LOI) from a financial institution? |  |
| Are you prepared to work with the financial institution and provide information about your business in order to secure the loan? |  |
| Do you have a backup plan in case your buyer is denied an acquisition loan? |  |

**Seller Financing**

|  |  |
| --- | --- |
| Will you consider financing the purchase to a buyer? |  |
| Which buyer? |  |

|  |  |
| --- | --- |
| What will be the down payment? |  |
| What will be the length, and frequency of payments? |  |
| What will be the interest rate (annual) on the financed portion? |  |