

# Succession Planning Simplified

There comes a point in many entrepreneurs' lives when they're ready to hand down the business to a trusted family member, business associate or friend. But there are many steps between the initial handshake and the actual handing over of keys.

By Emilia DiMenco • Photography Dan Merlo

Turning over a business and developing an exit strategy is charting unknown waters for many entrepreneurs. TCW asked Emilia DiMenco, executive vice president for Business Banking of Harris N.A., to break down the questions to be asked and answers to be sought when creating a business succession plan. This series of articles will discuss and analyze the demands of transition in business. This series, and accompanying interviews with women entrepreneurs who have personally experienced these challenges, will illuminate succession planning, point out pitfalls to avoid and refer to strategies that have worked for many others facing these same issues.

The first step in any business succession plan is the actual transfer of your wealth. Who controls it now and who do you want to control it in the future? Even if you already have ideas, your best answers depend on a comprehensive view of your situation.

A successful transfer of wealth relies primarily upon a planned and ready business transition. Assuming that is settled, you then need to evaluate your family's preparedness for dealing with wealth transfer questions. Such evaluation must address core concerns:

- **Relationship to your wealth** You need to identify how your wealth affects your daily lives. Is it an entrée to important charitable activities? Does it fund avocations, such as travel? Is it a means to an end, or a preoccupation through active management?
- **Purpose of your wealth** Does your family agree on the purpose of your wealth and what you are trying to do as a family?
- **Cohesion** Are family unity and communication equally important to each member of the family?
- **Involvement** Who is involved in these discussion and deliberations?
- **Choices** Is everyone given the choice of helping to manage family assets?
- **Expectations** To what extent do your expectations of your heirs, and theirs for themselves, align? Are they ready for roles they may need to play?
- **Evaluation** Have you made a fresh and clear-eyed review of your current wills, trusts and related documents to determine their adherence to your preferences? Do your transfer instruments actually match up with family members as they are today?
- **Preparation** Are your actual transition documents ready to execute?



Maureen Beal in her home.

Few families are prepared to address these issues head on. One reason to begin the process is to identify how ready your family is and to meet it accordingly. In doing so, you may find a personal and family assessment of needs, goals and vision most helpful.

Such an assessment explores fundamental preferences. It systematically proceeds through your thoughts about your business, its future, your family, its preparedness, your purpose in life and more.

Your answers – and your family's – enable you to address the issues above. They will help all of you work through the mechanics of wealth transfer to arrive at the correct conclusion for you. They will guide you when you have to be specific.

This is vital because, like all other major transition issues, the transfer of your wealth must reflect you. But, because your wealth is going somewhere, the transfer must reflect its recipients as well.

This is an extraordinary opportunity to express yourself to your family and other beneficiaries – but that expression depends on the quality of your planning, which in turn rests on your choice of a transition advisor, who will guide you through this process.

If you choose wisely, your advisor will help in a way that sharpens your ability to answer the big questions when you face them. In doing so, you will be creating a legacy of which you may be justly proud.

These topics and more are addressed in Here, Take the Wheel: Succession Planning Stories and Insights from Business Owners, published by Harris and available free of charge at [www.heretakethewheel.com](http://www.heretakethewheel.com). It is readably built around real world examples from individuals like you who have faced these same questions. The next topic addressed in TCW will be How to Choose Your Advisor.

## Maureen Beal: Making Plans for Succession

In 1994, Maureen Beal took over National Van Lines from her father, becoming a third-generation family leader of National Van Lines, based just west of Chicago. Today, she is preparing to pass the company on yet again. Though she has no plans to leave for the next decade, her diligence in laying the groundwork for her upcoming succession plan begged the question: how is she doing it?

### As a member of the family that built National Van Lines, how have you dealt with managing business succession?

It's not easy. It takes a lot of planning. It compresses family, personal, business, competitive and financial issues into one question: 'What comes next?' Like many, I hesitated. But now that I've gone through the process, I've learned so much that I never knew I didn't know. I also made some specific rules – for everyone's benefit. I never discuss the family part – it is intimate and private. My other rule is to encourage women who are similarly situated to jump in – now really is the time to take control of this, for everyone's benefit.

### What's the first step?

You need someone to talk to. That person has to know what the issues are. It has to be someone you're comfortable with, because that advisor will learn almost everything there is to know about you, your business and all of the other considerations. Most importantly, especially with changes in Washington, and maybe in Springfield, I think you need someone who remains professionally current with mandates – the things we have to do and options – the choices we have. There are a lot of both.

### Were you were prepared to plan your course?

No. I'm a serious businessperson in a no-nonsense business. National Van Lines is the corporate headquarters for a network of over 150 moving and storage companies across the U.S., and as such, those organizations as well as our corporate employees and their families rely on our business for their livelihoods. Especially in this economy, I take that responsibility extremely seriously, and conduct my affairs accordingly. So, like most people who have had some success, I thought I was reasonably well positioned through life insurance, key person insurance and a few other preparations made along the way. But the fact is, there is much more to get on the table and to consider. There are many decisions to be made, about all of those realms I mentioned before. When you lay them out with your advisor and see what works for you, you begin to see your path in front of you. At that point, for me, each choice brought a certain relief that I had faced another matter and was ready to move to the next.

### What maintenance does your plan require?

It requires some percentage of my attention and that of my advisor. That's because things change in the company, and in the market. Tax laws in Washington appear to be changing, and now there are new proposals in Springfield. So, now, my task is monitoring developments that impinge on the plan. When they pop up, we have to work-up the prior choices, and view them in the light of everything else. After having worked to put a plan in place, I don't want it to fail for lack of maintenance, so we keep at it, but this part is considerably less demanding than the initial stage.

### How has this benefited you?

I return to responsibility. The principal benefit to me is that I know I've done my best. To the extent the plan orders things after I am gone, I won't be here to see it. But I will know through the rest of my life that I have acted responsibly on behalf of myself and all of the others who rely on National Van Lines, up to the most important people in our world, the families who call us when they need help with a move. We like to say that we are 'moving their memories' – and we want that memory to be a positive one. Knowing our customers, employees, agents and everyone else are protected means the world to me as a businessperson and as an individual.

