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PREPARING BUSINESSES FOR TOMORROW

## The Coming Business Transition Crisis—and What to Do About It

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Baby Boomers are reaching retirement age. Many of the 10,000 people turning 65 each day own businesses. Their companies usually are their largest asset—and not a liquid one. In addition, many owners aren't prepared to retire—and their businesses aren't ready to transition to the next leader. That means these people need to consider short- to intermediate-term planning right now.

### Planning: The Exception Rather than the Rule

The statistics on privately owned businesses surviving into the next generation are abysmal—and even worse among families and owners who are unprepared. According to regional Exit Planning Institute (EPI) Studies, over 80% of those who responded don't have a documented transition plan. And over 30% of them haven't communicated their intentions to other stakeholders, including their families and employees.

Another 40% of those surveyed said they did not have a plan that covers their forced exit: by death, disability or extended illness. This puts them at great risk and has the potential to cause havoc for their families and other stakeholders.

If you're a business owner facing this situation, what should you do now?

### Transition Plans Protect Your Interests

Start creating a transition plan. This gives you the chance to align your personal and business goals with the performance and value of your company. It provides you with a systematic approach to transition away from the business on *your* terms—not dictated by someone else—while maximizing your after-tax dollars.

You may not want to sell or transition your business today. This is perfectly understandable. But it's important that you develop a well-considered, written transition plan. Then if the unexpected happens, the plan is ready.



 OUTCOME TRANSACTION IN THE WOODS

## Transition Plans Help You Make Smart Decisions Today

There's another important benefit you'll get from transition planning. It gives you the chance to ask and get answers to all the business, personal, financial and legal and tax questions you will have should you ultimately sell your business.

The process includes documenting contingencies for illness, burnout, divorce, disability, and the owner's death. That starts with a valuation based on "enterprise value"— what your company would be worth if you sold it today. Then the process involves documenting specific company information, plus an assessment of actions you may take to accelerate the strategic value over time. This meets your goal of selling or transitioning the business at the best possible price, which will help you achieve your personal financial goals.

You will need to work with several professionals to prepare a successful transition plan. They include a CPA, attorney, business broker or investment banker, insurance professional and family psychologists, among others.

You didn't get where you are by leaving the future of your business to chance. Doing a transition plan creates options and allows you to pass on your business in the way you want. It also helps you focus on what you can do today to increase its value when that tomorrow comes. And it allows you to determine which options make the most sense: for you—personally and financially, the company, and its other stakeholders. This is one of the greatest gifts you can give to yourself and everyone involved in your business.

*Birkdale Transition Partners LLC is the objective source for those seeking business sustainability, growth or considering a business transition. Our goal is to ensure business sustainability and to maximize the value of an enterprise before any transition or transaction. Business owners without a transition plan often are unable to sell or transfer their company at its highest value. We help them to balance a company transition with the owner's personal goals. Then we work with them to avoid problems caused by the lack of planning and/or not recognizing what needs to be added, corrected or modified before then.*

*Birkdale is unique because it only offers an unbiased assessment and solutions for the company owner. We do not sell any other products or services, so are a fee-only firm. We work in partnership with the company's current professional advisors and staff. Because we help companies increase their monetary value, owners view our assistance as an investment—with payback and payout occurring during and at the conclusion of an engagement.*

*For a no-obligation, confidential discussion of your situation, please contact Barry Goodman at 312-626-1820 or [barry@birkdaletransition.com](mailto:barry@birkdaletransition.com)*