



SUCCESSION planning

Businesses are the lifeblood of the New Zealand economy, and most owners have committed years of hard work to growing their businesses. But now, as baby-boomers reach retirement, a generation of business owners are looking to the future.

Two-thirds of Bayleys' business vendors are over 55, and this figure is going to increase. According to recent government statistics, over the next two decades, the percentage of Kiwis aged 65 and over is going to rise from 14% to 25%.

This will require a number of business owners to consider their next steps and how to successfully execute their succession plan. With change comes risk and unless business owners looking to sell act decisively and implement a structured exit strategy, it could have a detrimental effect on their retirement plans.

SUCCESSION PLANNING THE KEY STEPS

Succession planning – the key steps

Start early and look to the future

The earlier you start planning your exit strategy, the more you can do to maximise your sale price. Ensure that beneficial contracts with your customers and suppliers are locked in and review all lease agreements. Buyers look not only at the history of a business, but at the stability of its future.

01

Get your accounts in order

Prepare a financial statement that will give any prospective purchaser a true picture of your business' total income and expenditure. To get the best price for your business, it's essential to account for every dollar of income generated.

02

Write a how-to manual

When an owner steps away, many of the details of a business' day-to-day operations leave with them. To aid a new owner in a smooth transition, prepare a manual covering all the systems essential to running the business.

03

Do the due diligence

A new owner needs to have all the facts and documentation concerning their new business at their fingertips. Provide everything they need to get a clear view of your businesses' operations: tax records, bank statements, employee and clients details, etc. If you're upfront and open from the start of negotiations, you'll provide less wiggle room during price negotiations.

04

Build a team of experts

You can't build a business without expert advice, and you can't sell one without it, either. Any sale comes with a myriad of legal and financial considerations, so you'll need a trusted lawyer and accountant by your side. You'll also need the guidance of a business broker, with the necessary industry experience and negotiation strategies to understand your personal needs and ensure you sell for the best price.

05

As Bayleys' head of tourism and business sales Paul Dixon says: "There is no one-size-fits-all answer. Each business is unique and requires a tailored solution." As business sales professionals, we have the knowledge and experience to guide you through every step of the sale of your business. By utilising our national and local networks of industry experts, we will create a bespoke action plan that complements both your personal and business goals.

With Bayleys, each step you make towards the sale of your business is one step closer to a financially independent and rewarding retirement.

Contact one of our specialist business brokers for an informed and timely take on the market and how we can achieve a great result for you.

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