

Why you need a business succession plan

A recent survey conducted by the small business arm of American Express (American Express OPEN) shows that nearly one-in-five small business owners remain concerned about going out of business as a result of our current national economic climate, a concern that resonates throughout Cowlitz County's community of small, family-owned businesses.

From this, you can deduce that while to some degree we all share that concern, 80 percent of small business owners have adopted a more upbeat forecast, and plan, to achieve success. That bodes well for 2010.

Even with success, a company can quickly become vulnerable. When it's driving force, typically the business owner, elects to retire, becomes disabled, or dies, it all changes.

According to the Society of Financial Services Professionals, one of three things may then happen to the business: it can be sold, it can be continued by a family member, or it can be liquidated. Unfortunately, business liquidation is the most common occurrence, an unfortunate outcome

for all concerned. It is also a preventable outcome if a business succession strategy is in place. The adage is true:

failure to plan today is a plan to fail tomorrow.



JIM RATHBUN
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John Strohecker, Senior VP Trust Services for Cowlitz Bank, deals with clients on business succession and estate planning. He says it is important to remember that when a business considers

it's succession under new ownership, "... it's not just monetary issues that need to be addressed. There are emotional issues that are professional and personal in nature that must also be considered."

And the time to deal with these issues is before there is a need, planned or otherwise. In the case of a retirement, Strohecker recommends that a business succession plan be in place at least five years prior to implementation and that given legal and financial complexities, developing such a plan should include experienced attorneys, accountants, insurance agents and Trust officers. This plan can also insulate the business you've worked hard to build by insuring a smooth transition in the event of an unexpected loss of leader-

ship.

As the business owner, what leadership can you contribute to developing a succession plan? Start by realizing there is no law requiring you to preserve your business for another generation.

Launch this process by asking: what do you want? Consider the operational aspects of succession and take steps to address them. Most critically, are there dedicated individuals in place with the capabilities and passion to deal with all business occurrences after you have left? And for sure, as the owner looking out for the long-term good of your business, communicate openly and clearly with everyone involved throughout the process. A good succession plan does not evolve from a vacuum but rather from a consensus on what is best.

Developing a business succession plan is an art given all the things that need to be considered. And from it comes an assurance that in overcoming the business challenges brought on by our economy, that success can be the basis for continuation of your business legacy.

Jim Rathbun is vice president of marketing for Cowlitz Bank.

Send your comments to: jrathbun@cowlitzbank.com