



SUCCESSION PLANNING TOOLKIT

Win Your Game: Plan Now for Succession

By Kendall Rawls

Rawls

BUSINESS SUCCESSION PLANNERS

Win Your Game: Plan Now for Succession

“When we talk to dealers about when is the right time to begin planning for succession, our answer is always the same: It is never too late to start, but starting too late can be detrimental,” says Loyd Rawls, founder of The Rawls Group: Business Succession Planners.



Loyd Rawls

What is succession planning? Simply, it is an investment in your financial security and the welfare of all those who have helped you be successful.

Whether you realize it or not, you are thinking about your succession plan – your business’s continued success – daily. You’ve made progress toward succession, but you still have work to do. And it’s important work. Regardless of whether you want to sell your business or transition it to another owner or owners, succession planning ensures you will increase the value of your most important asset, the dealership, which can benefit you, your family, your employees, your customers, your manufacturer and supplier partners, and your community.

So, where do you start? Where are the gaps in your plan thus far? And how long will it take to fill them? Let’s play the game of Succession Planning to win by answering some key questions in three main categories, which can help you evaluate your preparedness.

The Emotional Aspects

The first and most immediate question to ask yourself when it comes to succession is: Do I know what I want?

It’s important to identify your vision and goals for the future before you plan for the financial and managerial aspects of succession because your answer to this first question will determine your path forward in the other two areas.

On its surface, that initial question seems simple and straightforward, but there are often several layers to the response. It can involve your dreams for your future and your family’ future, your expectations for the legacy you’ll leave, and your relationships with those who work with and for you, as well as those you and your business serve, just to start.

Related questions to examine include: Am I emotionally able to walk away from the day-to-day? Do I want to maintain a sense of control?

In answering these questions, you’ll want to:

- Identify, document and communicate what your path to “next” looks like;
- Identify how you would like to interact with the business and the role you are prepared to fill;
- And identify, clarify and document the type of control you wish to maintain.

The Financial Aspects

If you’ve already done the work to gain clarity on the emotional aspects of succession planning, next you’ll want to consider the financial aspects.

If you’re starting from scratch in working on your financial preparedness for succession, this will likely take at least 3-5 years.

The first question to ask yourself here is: Am I financially independent from the performance of my dealership?

Win Your Game: Plan Now for Succession

If you are, you can skip ahead to the managerial aspects of succession planning. However, through the responses to the Succession Planning Scorecard we developed with the Marine Retailers Association of the Americas, we're finding that most marine dealers still have some work to do here.

The goal in answering this question is to determine the liquidity you require to live the financial future you desire. Related questions to examine along the way include: Am I free from personal guarantees of debt? Do I have sufficient liquidity to prevent the business from being burdened by estate tax debt?

In working on this area of your succession plan, you'll want to:

- Build wealth outside of the business with a goal of liquid savings and investments representing 25 percent or more of your net worth;
- Remove yourself from personal guarantees;
- And evaluate alternatives for funding inheritance taxes of death duties so next-generation owners are not forced to sell to cover estate taxes.

The Managerial Aspects

Finally, you'll want to assess the managerial aspects of succession planning. This begins by asking one's self: Do I have a capable and interested individual to transition into my role?

If you don't, it's time to create talent strategies to recruit, retain and develop key leaders, a process that typically takes at least 2-5 years.

Along the way, you might ask yourself questions like: Do we have the people or resources to support successor development? And do we have retention strategies in place?

To answer those questions, you may want to:

- Develop strategies to identify and retain your successor or successors;
- Build customized training and people development programs;
- And develop and implement retention strategies to cultivate talented bench strength.

Tools and Resources to Start Planning Now

The good news we have for you is this: No matter what your answers to these questions, we can help. And by "we," I mean:

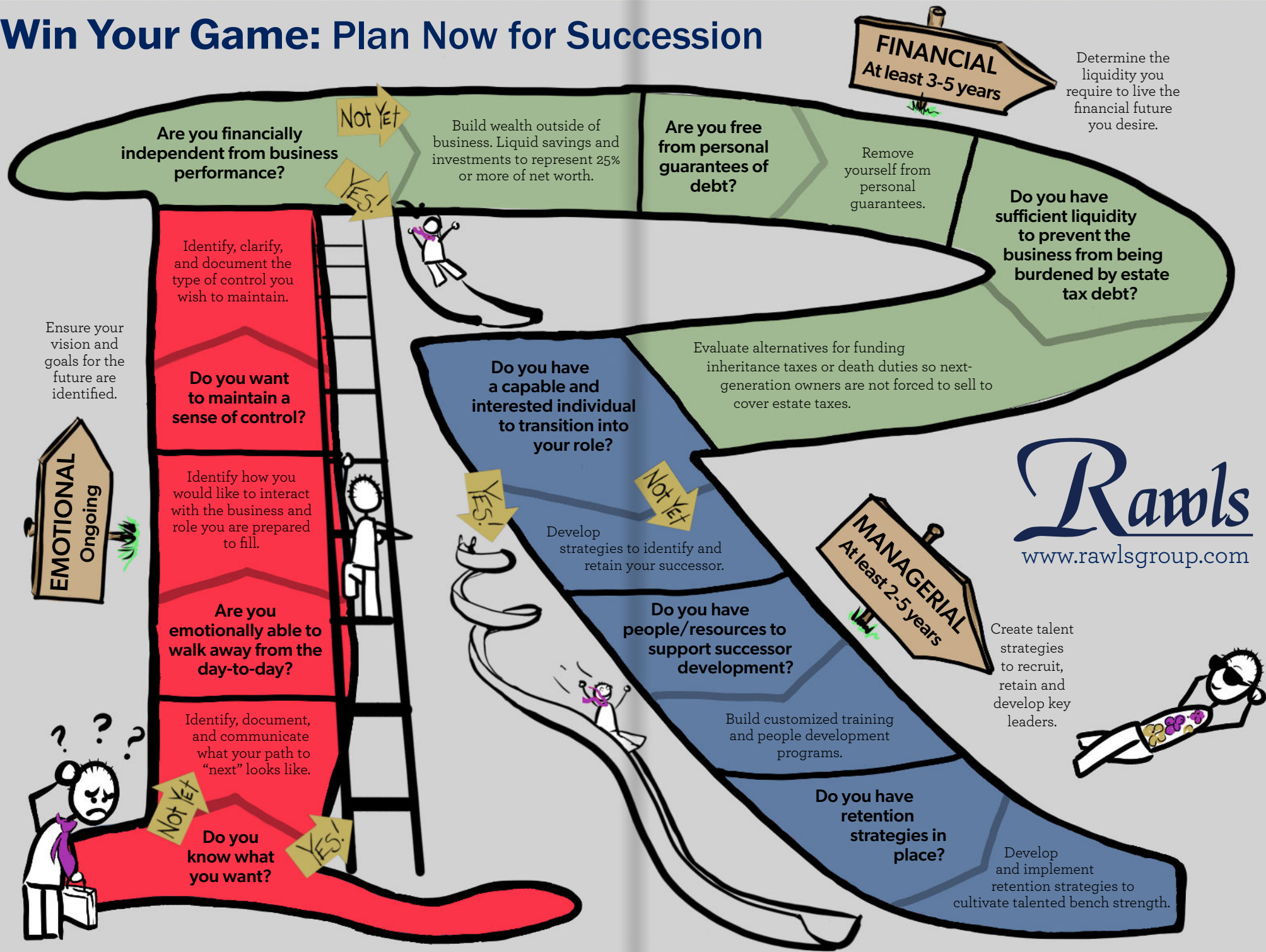
- My team at The Rawls Group: Business Succession Planners;
- And the Marine Retailers Association of the Americas, which has partnered with my company and other succession experts to develop a Succession Planning Toolkit for you.

To learn more, visit The Rawls Group website: <https://seekingsuccession.com>; explore the succession education, resources, tools and partners MRAA has developed at: <https://www.mraa.com/succession>; – or better yet, if you're an MRAA member ...

LEARN YOUR SCORE

By spending 15 minutes taking the MRAA Succession Planning Scorecard self-assessment, MRAA and MRAA's key partners in the Succession Planning Toolkit will gain the insight to offer you custom recommendations about next steps on your journey to succession.

Win Your Game: Plan Now for Succession



Rawls
www.rawlsgroup.com