What Is In A Business Succession Plan?

What happens to a business when the owner dies or becomes disabled and didn't make any plans to protect the business?



1. Choose A Successor: Who has the skills and information to run the business in the short term and protect your assets, heirs and investment?
2. Get A Valuation: Have your business appraised or get a business valuation to determine how much the business is worth. If one partner dies, the other partner(s) can buy their share of the business at the agreed value.
3. Buy Life Insurance: Each partner in the business should be insured to cover their share of the business' value for a potential buy-out.
4. Tax Implications: An estate planning or business inheritance attorney can help you create a succession plan that is legally binding in your state, and make sure that all contingencies are covered.
5. Identify Buyers or Heirs: Some businesses can be sold to partners or have a family member succeed a deceased CEO. Other business must be sold after the owner dies, and a business succession plan should identify potential buyers.