

## The Importance of Succession Planning

Are you as a business owner in the Flagstaff Region beginning to think about your eventual exit from the business and how best to prepare for your future? If so, you are not alone, the importance of Succession Planning cannot be overstated:

1) In Canada \$1.5 Trillion of business assets could be transferred to a new generation of business owners over the next decade, up 50% from our last estimate in 2012. If this is not managed well, this could have a significant impact on jobs, in many local communities and the economy overall. The reality is, how many of our businesses will be prepared and positioned as an “Investable Opportunity” for a new generation of owners.

2) 60% of small busi-

ness owners do not have a succession plan in place because they are working too hard to secure a financial future.

3) 50% of small businesses in rural municipalities are either contemplating their exit or are currently for sale.

Maybe you want to retire? Maybe you’d like to pass down the reins to a family member or employee or possibly a new entrepreneur that recognizes the future potential of your business?

Or maybe you just want to have an exit strategy in place to enjoy the next chapter of your life?

Whatever the reason may be, proper succession planning is essential for small business vitality and prosperity in the Flagstaff Region, and the rest of Canada!

Without a plan, not only is the current and future health of the business at risk, but the future economic growth of Flagstaff’s rural communities can become unpredictable.

So, what is succession planning and why is it important?

There’s an old saying that explains the inherent benefits of Succession Planning best: “If you fail to plan, you plan to fail.”

Successful succession planning for business owners is the act of transitioning a healthy, purchase ready business onto the next generation.

The most effective transitions focus on effective communication, relationship building, assessing financial capability and determining the future sustainability of the busi-

nesses.

While the term succession has been assigned numerous meanings and can trigger feelings of fear, taking the time to plan the next crucial steps can lead to several benefits.

These benefits include protecting your current equity, transfer of knowledge and attracting investment and new ideas that so often “next generation” owners so often bring to the table.

Of course one of the key benefits of a successful Succession Plan is knowing that your business will “carry on,” remaining an important contributor to the overall economic wellbeing of the Flagstaff Region.

Whether you’re in the thinking stages, started implementation or

maybe you’ve left succession on the side burner, transferring the business from old to new is something that should be done early.

In reality, small businesses are very much a part of the very fabric of our rural communities – their presence and their many contributions help ensure our communities are a place to live, play and prosper.

Whether you’re looking to pass on the businesses to a family or staff member or a new entrepreneur to the region, proper succession awareness, consideration, preparation, and implementation will ensure that current operations will continue to run smoothly and that the most qualified entrepreneurs inherit the right

businesses.

If you are a business owner that would like to explore succession planning in more detail, or look at some options to grow and improve your existing plan, the Flagstaff Succession Program will be of interest to you.

The Succession Program provides a wide variety of services, including: training and seminars, coaching, access to trusted business services professionals and networking opportunities with other local businesses and entrepreneurs.

*For more information on how the Flagstaff Succession Program can help support your business, please contact Jordyn Prior – Economic Development Coordinator at 780-384-4151 or email [jprior@flagstaff.ab.ca](mailto:jprior@flagstaff.ab.ca).*