

# Avoid being burnt

As business owners near retirement it is crucial that succession planning is managed correctly. Alexandra Economou reports.

**T**HE Australian business landscape is set for dramatic changes over the next five years, with 41 per cent of companies expected to change hands as owners near retirement age.

Author Leigh Riley has written a book relevant to the issue called *Your Business Succession* (Winward Press) and says those looking to sell their business will face a highly competitive sales environment.

She says business owners must immediately put strategies in place to improve their business valuation.

"It's important to think like a buyer who will be looking for things like growth opportunity, well-honed organisation and management systems (and) a diversified customer base. It's also incredibly important to structure the sale to minimise tax implications," she says.

Ms Riley's book features more than 20 case studies, outlining strategies for business owners exiting their business for a range of reasons including retirement.

KPMG partner Laurie Madigan says it is crucial that succession planning is managed correctly.

"Succession in family business is a significant issue facing a large proportion of baby

boomers in South Australia," he says.

"Done right, it can secure the future of the business and ensure a smooth transition of management.

"Done wrong or neglected, it can destroy a business and tear families apart."

He says critical factors in succession planning include maintaining open communication, mentoring the next generation and seeking professional help.

KPMG's Private Enterprise Group works closely with many SA family-run businesses and has had an increase in inquiries from baby boomers looking for help with succession planning.

"Maintaining an open and regular channel of communication within the family is crucial for a successful succession plan," Mr Madigan says.

"Many disputes and problems arise because family members haven't openly discussed their individual aspirations for the business with each other.

"Among baby boomers there appears to be a greater understanding of the need to agree and document the relationship between the business and family, and this is promising." >>

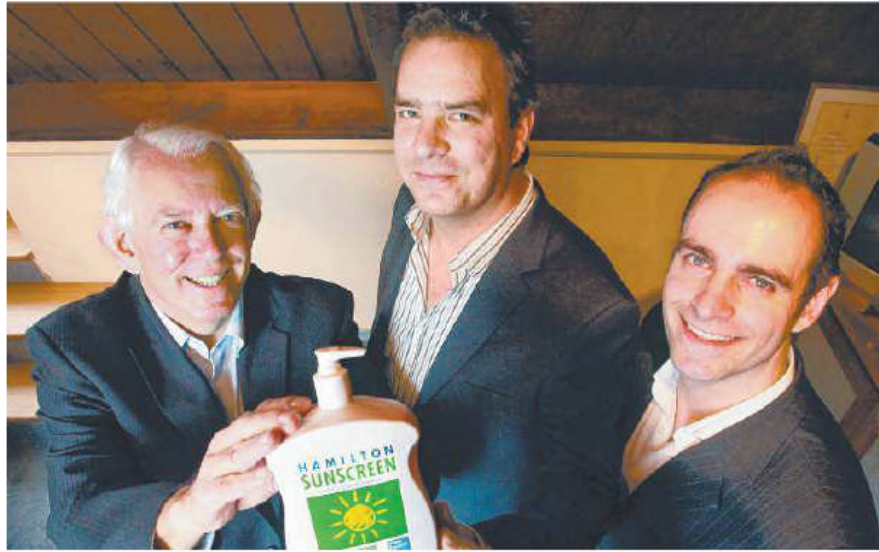
## Smooth transition

**handover:** HAMILTON Laboratories is an example of succession planning done properly.

Richard Blake handed over the reins of the sunscreen and skincare firm to his sons, Michael and Stewart, after 30 years at the helm. He says the handover was one of the proudest days of his life.

"Hamilton Laboratories was formed following the successful production of one of the world's first sunburn preventative creams by my father, Milton Blake," he says. "It is very rewarding to see the company continue to prosper into the third generation."

Succession planning was on the agenda for several years but Mr Blake says he did not want to force it. "When they both decided they wanted to be involved I was proud," he says.



Hamilton Laboratories chairman Richard Blake and his sons, joint managing directors Stewart and Michael Blake.