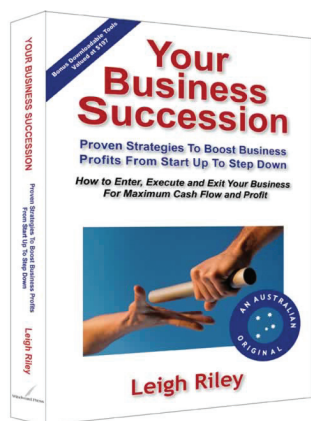




YOUR BUSINESS SUCCESSION

A REVIEW BY ALAN HOLLENSSEN, DEPUTY CEO,
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Put at its most simple – every family owned/run business in Australia needs to have a copy of this book. They need to read it, refer to it and use its wise counsel as the basis of their succession planning decisions.

Leigh Riley is an experienced ‘real world’ operator whose professional life has been

devoted to ironing out the problems of business succession planning – as often as not after the damage has been done through poor planning and decision making.

Leigh spoke of some of these issues at our last NGIV State Conference and has first hand knowledge of some of the notable succession planning failures of the nursery industry.

Full of good sense and written in a direct and intelligible style, Your Business Succession sits ready to guide business owners and decision makers through what is likely to be a tsunami of change as the ‘Boomer’ generation cashes out, moves on or steps away from day to day involvement in businesses they have built up over many years, or even decades.

Much of the advice that Leigh provides is refreshing in its directness. Try this for example:

Seller Due Diligence – “...if vendor finance terms form part of the contract of sale, it is completely reasonable for the seller to be paid more for the business because of the additional risk.”

This simple risk management strategy would have worked to reduce the financial exposure of a number of ex members who thought they had secured the sale of their business, only to discover the purchaser could not access their funds and the sale fell through.

Likewise Leigh tackles the fairly common practice of businesses understating their turnover and she makes the twin points that this is, put simply, breaking the law, but from a succession perspective, it erodes the value of the business.

In one of the Case Studies Leigh examines what actually happened to a business that failed to declare its earnings. Understating income imposed a severe impediment to an accurate valuation which was then reflected in the price potential buyers were willing to spend, in the money banks were willing to loan and eventually in the figure the vendor was able to extract.

As Leigh points out, “Declaring income and profits over a prolonged period is the only way to prove the value of your business.”

Other pertinent topics include ‘Dealing with Sibling Rivalry’ – alive and well in the nursery industry – one that has caused untold stress and disharmony stretching back generations. Her advice here too is as sound and simple as it is in regard to the potential impact of divorce. Business co-owners can find themselves placed under enormous strain if the marriage of one or the other ends in divorce, and given that the family home is often part of the settlement, it’s common for the estranged party to come after a share of the value of the business as well. But because the family home is now already effectively tied up in a financial settlement, its value can’t be accessed to secure buyout funding for the wife or husband.

But what if you’re one of the select few to be already working through a professionally managed succession plan? Do you still need a copy of this book? In my opinion you do, and for a very simple reason. Your Business Succession will allow you to monitor the quality of the professional advice you are receiving and it will alert you to any shortcoming, or shortcuts, that may trip you up in future. In other words, this book will arm you with all the knowledge required to ensure that the professional assistance you are paying for, delivers just the result you, and your business, require.

To return to where I started from; Your Business Succession is required reading for pretty much any business owner who has even the slightest interest in an orderly handing over of their enterprise. Succession Planning is a topic that business owners shy away from, it’s too hard, too confronting and brings with it the threat of letting all sorts of cats out of all sorts of bags. Cats that once escaped will never be recaptured, but whose exit may well remove a lot of skin from a lot of knuckles. This terrific book will walk you through the initial stages of this potentially difficult time, all the while making one other important suggestion that serves as one of the foundation stones on which this book rests.

And what is that suggestion?

To make sure you seek properly qualified and professional advice.



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