

Daily Herald BUSINESS LEDGER

THE BUSINESS RESOURCE FOR SUBURBAN CHICAGO

BUSINESS TRAVEL REDUCTIONS DURING PANDEMIC HAVE MANY FLIGHTS GROUNDED

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THIS MONTH

SPECIAL SECTION:
Corporate Events Planning Guide

FOCUS: Accounting & Consulting,
Retirement & Estate Planning

BRIAN HILL/bhill@dailyherald.com

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Prepare an exit plan for your business now

BY CRAIG BOLANOS
Wealth Management Group

Many business owners dream of retirement yet struggle with the notion of letting go of the success they spent a lifetime building.

Passing on ownership to the next generation can be a struggle. When you've dedicated a good portion of your life to building your company and your brand, it can be incredibly difficult to imagine life without it or allowing someone else to take the reins. But it is inevitable; every business owner will face a day when they need to make an exit, but those who plan in advance are far more likely to have a smooth and successful transition.

As the business owner you have a responsibility to ensure a stable and peaceful transfer of ownership and leadership. Many business owners will look to leave their life's work to a family member in the next generation, but the statistics show that this path is not without its challenges.

Less than one third of businesses



CRAIG BOLANOS

survive into the second generation and only 15% make it to the third generation. To help ensure your life's work and passion don't become a statistic there are some guidelines that should be followed.

Succession planning is a process and should not be treated as an event

You need to begin laying out the groundwork for succession early on. Schedule regular conversations with your successor to discuss the challenges and the successes of the daily grind. This is a great way to create engagement and foster interest.

Hire or move your successor into a defined role

Your successor needs to demonstrate competency and the mastery of

specific roles as leadership is earned through the demonstration of competency should never be taken for granted. Far too many business owners bring their son or daughter into the mix in such a way that they are a "jack of all trades."

A surefire way to set them up for failure is by providing them an overwhelming and undefined job. Create a situation that can be measured so that others in the business can also see their successes.

Prepare to work directly with your successor to ensure they are ready to step into your shoes

The more time you spend directly with your successor the better they will be prepared. If you haven't already, start including them in your discussions with clients, employees and vendors and encourage them to develop and nurture relationships with them. Mentoring them in this area is key to achieving continuity through a transition. Again, succession planning is a process, not a one-time event.

Engage a professional to create and formalize your retirement plan

For many business owners the retirement plan is the business. Many business owners have been reinvesting their profits for years. As a result, maximizing the sale is critical to the owner's achievement of a successful retirement. You will need help to determine your company's true value while at the same time evaluating what your retirement needs truly are.

Structuring the Deal

- Consider executing a partial sale while maintaining a portion of the business assets or income. Ideally you could look to sell the business while at the same time retaining ownership in the building or some of the equipment. This will provide a lump sum of monies for retirement while at the same time creating consistent and steady income through the receipt of lease payments for the equipment and building.

- Craig Bolanos is CEO and Founding Partner of Wealth Management Group in Inverness and Downers Grove.*



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Jaburek/Furjanic Financial Group



John Jaburek
Managing Principal
500 Park Blvd, Suite 160-C
Itasca, IL 60143
Direct: (847) 250-1231
john.jaburek@wfafinet.com
www.jaburekfurjanicfg.com



Judith Furjanic
Senior Financial Advisor
500 Park Blvd, Suite 160-C
Itasca, IL 60143
(847) 306-3752
judith.furjanic@wfafinet.com
www.jaburekfurjanicfg.com

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