

PLANNING YOUR BUSINESS

## The Advisors You Need for a Business Transition



Thinking of selling your business? If so, you're not alone. Statistics compiled by the [California Association of Business Brokers](#) estimate that approximately 12 million privately owned businesses are poised to change hands in the coming years. That's driven in part by the upcoming "[Silver Tsunami](#)," sparked by Baby Boomers retiring in droves.

If you too are [expecting to transition in the next few years](#)—either because of retirement or other commitments—it's wise to start planning your exit strategy early. But you don't need to go it alone. After all, most business owners will likely only work through a transition like this once during their lifetime, points out Scott Wolffis, national sales manager for business banking at Fifth Third Bank in Detroit.

"That's why it's helpful to have experienced advisors spur them to think through all of the challenges and opportunities. Most business owners feel a deep attachment to their company, as

they likely started the organization they are selling. Therefore, they want to make sure their legacy lives on and that their employees are taken care of—issues that can benefit from an expert's guidance."

In fact, in Wolffis' experience, the vast majority of clients rely on the expertise of the following four types of advisors, who can help make the transition as seamless (and lucrative) as possible. If you're [planning to transition your business](#), here is everything you need to know to make the most of these relationships.

## A Banker

The banker serves as the core of your business team. Ideally, you have been working with a business banker over the years, which means that he or she is already well-versed in your company's strategy and goals.

A banker's advice is key to understanding how to configure the financing for a buyout. Your banking partner can share the pros and cons of various sources of additional support, such as SBA loans, seller notes and state programs that can help the buyer secure the financing needed for the purchase, Wolffis says.

Your small business banker, especially one who has worked with you for a long time, understands your history and goals, and can help you achieve that success.

As you begin considering a business transition, here are the topics you should be ready to discuss with your business banker:

- **Goals for the company and employees**, as well as the owner and family
- **Your vision for your continued involvement**—for example, do you want to stay on as a paid consultant?
- **Details on your potential buyer**, so your banker can understand their financial picture and experience level. For example, [if you are passing the business on to family](#), are they prepared to jump in immediately or will there be a learning curve? This can impact the transition timeline.

## An Accountant

Your potential buyer is going to perform rigorous due diligence to make sure that you are accurately representing your business and its worth. That's why it's critical to have an accounting professional put your books in order. Your records will need to be in a standard format that shows

a clear snapshot of your financial picture for an accurate business valuation. An accountant also can help you, as the seller, understand the tax implications of the various options for a sale.

Among the topics you should be ready to discuss with your accountant are:

- **Goals for the sale:** How much do you expect to make? How should that revenue be structured to maximize your takeaway after taxes?
- **Timing:** How long do you reasonably have to shore up your financial picture before entertaining offers?

## An Attorney

Selling a business has a lot of moving parts—and a lot at stake for you—so it's vital that it is handled properly. It's wise to engage an attorney to draft or oversee the formal business sale agreement that covers all the terms of the deal. Sound legal advice will also protect the seller from any legal risk. For example, if something goes wrong with the company after the sale, it can ensure that the seller has no ongoing legal or financial obligations, Wolffis points out.

An attorney will want details that include:

- The various **terms of the sale** they can audit for accuracy
- Any **pending legal issues** that could affect the sale now or in the future

## An Investment Advisor or Wealth Planner

It's crucial to have an investment professional who can help make sure your business finances support your personal financial goals. A wealth planner can help you understand the estate planning issues and opportunities to ensure you and your family are set up financially for the future. In addition, an investment professional can identify the estate and tax implications of the structure and financing of the sale.

Among the topics you should be ready to discuss are:

- Details on **short- and long-term financial goals**
- Your **wealth transfer objectives** and how philanthropy might fit into that picture

## How to Find the Right Fit

While it's not hard to find an advisor, it can be hard to find the *right* advisor. That's why you should seek referrals and have preliminary interviews with more than one candidate to find someone who's a match both professionally and personally.

Your review should begin with assessing their professional expertise, such as their experience with business transition in general, as well as specifically within your industry to make sure they understand the nuances. You also want someone who can move away from a cookie-cutter approach and is willing to explore all the options available.

Then don't overlook the value of your personal connections. An ideal advisor is someone with whom you feel comfortable, someone you believe is willing to listen and pivot as needed.

The bottom line is that transitioning your business successfully is as important, if not more important, than every other milestone you've faced and conquered along the way. Turning to a cadre of seasoned professionals can help remove the stress and mystery and make the process seamless.

Start the conversation with a [Fifth Third business banker](#) now, so you can be ready for what comes next.

Facebook

Twitter

LinkedIn

Email App

*The views expressed by the author are not necessarily those of Fifth Third Bank and are solely the opinions of the author. This article is for informational purposes only. It does not constitute the rendering of legal, accounting, or other professional services by Fifth Third Bank or any of their subsidiaries or affiliates, and are provided without any warranty whatsoever.*

## Related Articles

[Selling Your Business: Keeping It in the Family](#)

[What to Do If You've Been Denied for an SBA Loan](#)

[Succession Plans: What Small Businesses Can Learn from Large Brands](#)

---

## Contact Us

1-877-534-2264

Speak to a sales advisor about our products and services.

## Find a Banker

Find a Business Bank Representative in your area.

SEARCH

[About Us](#)

[Customer Service](#)

[Careers](#)

[Investor Relations](#)

[Media Center](#)

[Privacy & Security](#)

[Site Map](#)

Copyright © 2019 Fifth Third Bank, National Association. All Rights Reserved. Member FDIC.  Equal Housing Lender.

