

# Succession planning can unlock new opportunities. Here's how.

## Executives & Entrepreneurs

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- Today's extraordinary times underline the importance of having a comprehensive and flexible plan – for both your firm and investments.
- In this piece we explain how a comprehensive succession plan can help you seize new opportunities more effectively.
- **First, a succession plan can help you move on to fresh challenges at speed.**
- **Second, solid succession plans can give you more choices for sale.**
- **Third, flexible succession plans can help you adjust to fast-paced markets.**



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The coronavirus pandemic is likely the harshest test your business has ever faced. Today's extraordinary times underline the importance of having a comprehensive and flexible plan – for both your firm and investments. And when today's health and economic crisis subsides, you may decide it's time to review other parts of your wealth plan, including how you pass your business on to an outside buyer, business partner, or your loved ones.

UBS Chief Investment Office (CIO) has identified four ways all entrepreneurs can benefit from succession planning. In this piece we explain how a comprehensive succession plan can help you seize new opportunities more effectively.

### **A succession plan can help you move on to fresh challenges at speed**

Spotting a new opportunity and seizing it quickly may be the reason why your current business has been so successful. But if you identify a new product, service, or marketplace, how quickly could you leave your current

firm and pivot to a fresh venture? And have you made plans so that moving on would preserve value in your existing company and allow a seamless transition to new leaders?

Robust succession planning can help you quickly pass on business control to others or even sell the business. For example, having a well-designed buy-sell agreement can give you confidence to sell your stake to other partners at pace, freeing up time and capital to pursue other interests.

Perhaps you want to explore a new opportunity within your existing business, but doing so requires liquidity and a handover of responsibilities to your family or managers? Processes like regular business valuations and setting up flexible credit facilities could help you to release much-needed funds for expansion or new ventures at pace, so you don't miss the next big business opening.

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And having an existing succession plan can help you find suitable successors early, whether that's a new owner or a new management team to run the business without you.

**Solid succession plans can give you more choices for sale**

Succession plans can give you more control over how and when you exit your business. For example, careful planning around transferring ownership stakes to family members in a tax-efficient way can protect you against excessive payments that drain your firm of liquidity. Early consideration of your company's legal structures, including separation of personal and business assets, can offer greater flexibility over your eventual exit, whether passing to family members, selling to business partners, or seeking an external buyer.

**Flexible succession plans can help you adjust to fast-paced markets**

Regular reviews of your succession plan may give you and your company greater agility to seize new opportunities and avoid unanticipated threats. In fast-moving and fiercely competitive markets, you may want to consider how to attract and retain top management talent for the long term. Employee benefit schemes, including life insurance options, may help you to retain key workers without compromising business performance.

A flexible company structure and diversified funding sources from public and private markets can also help you to expand more rapidly into new markets or new countries. Equally a well-structured succession plan can make it easier to adapt to new regulatory, legal, or sustainability legislation – keeping you ahead of your competition and on track to achieve your financial goals.

Want to explore business succession planning in more detail?

You can read the UBS CIO report *Four ways entrepreneurs young and old can benefit from succession planning* and speak to your UBS representative.

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## Appendix

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