

Succession Planning Necessary for Survival

Closely held or closely controlled businesses - those with a limited number of owners or principals in control - account for approximately one-half of all business activity in this country. Surveys suggest that these businesses also generate more than three of every four new jobs. Yet despite their critical role in our economy, only about 30 percent of these businesses survive to a second generation of ownership, and fewer than half of those make it to a third generation.

These businesses fail for a myriad of reasons, the most common of which is the absence of a business succession plan. Many owners become so immersed in day-to-day business pressures that succession planning - with its series of difficult questions and challenges - is viewed as sufficiently frustrating and burdensome to be considered a waste of time.

That thinking is both short-sighted and self-defeating. Business succession planning is absolutely necessary to ensure that a business' success is preserved and further developed. While the methods and tools vary, and their application necessarily depends upon the circumstances unique to each case, there are a number of considerations that apply in nearly all situations.

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