



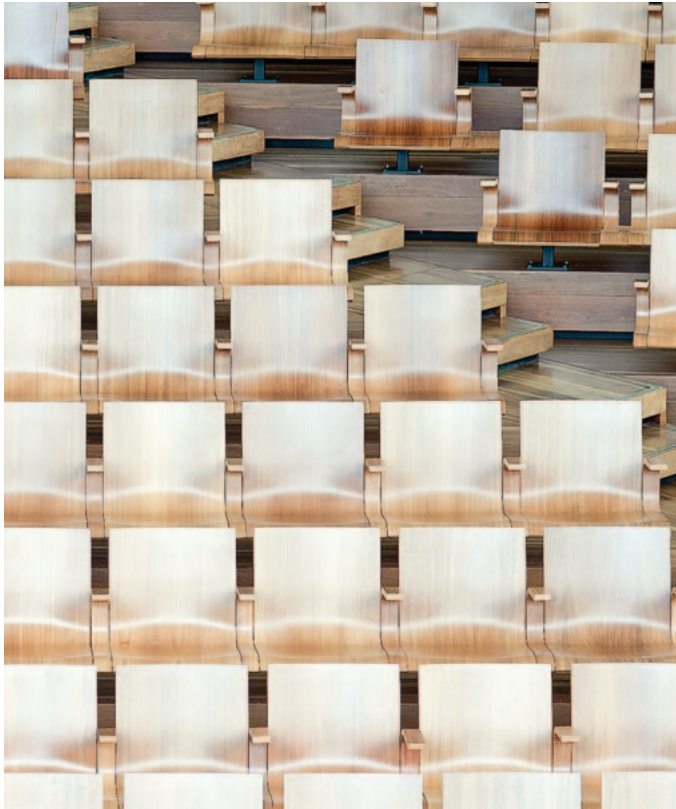
KOUSTAS+CO

CHARTERED ACCOUNTANTS

SUCCESSION PLANNING

SUCCESSION PLANNING

Ensuring business legacy... now



the WHAT

A succession plan is a strategy which determines the best way for an owner to exit their business whilst ensuring that the business continues.

This is achieved through identifying:

- » The capital drivers of the business;
- » The elements that allow it to compete effectively in its markets; and
- » Growing and investing in those drivers

A succession planning process—when undertaken correctly—should be contemplated and scoped long in advance of the owner wishing to leave the business.

the WHY

With [recent studies](#) showing that over 35% of business owners have no ultimate exit strategy, a properly executed succession plan is one of the few ways that an owner can secure the future of their business. Moreover, where family businesses are concerned, [statistics](#) show that only one in three family businesses survive into the second generation—and only one in ten survive to the third.

A succession plan—and the process that is run to execute the plan, is vital in:

- » Maximising the value of a business in the event that the owner decides to sell;
- » Unlocking the value by enhancing the marketability of the business; and
- » Exiting the business with maximum profitability and the foundations laid for its continued success

TO LEARN MORE

...about how we can provide you with expert financial support, contact Matthew, our Business + Practice Development Manager.

T (03) 8530 1600 **M** 0413 788 715 **E** matthews@koustas.com.au **W** www.koustas.com.au



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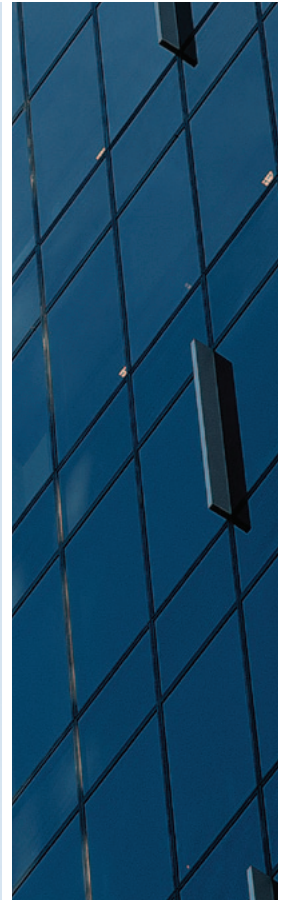
the HOW

Whether it is a management buy-in/out; a family business succession or a sale to an external party, what is crucial – amongst a myriad of considerations - is that all parties firstly understand what is being sold (for example is freehold included; or just the goodwill and other assets). Generally, this is achieved by us facilitating (and being involved in) constant and unambiguous communication.

The first step is undertaking a formal [valuation](#) of the business. Often we will undertake the valuation however, where we feel conflict may exist, we will work with the parties to source an appropriately qualified 3rd party to deliver this element.

Once a value for the business has been established, the team at Koustas & Co set about detailing the tax consequences of the transaction considering, the actual assets being sold; whether CGT will be payable; and the owner's eligibility to Small Business CGT concessions (to name but a few). We will also give thought to the most appropriate and tax-optimal corporate structure to house the business if we're acting for the purchaser.

In assisting to implement the succession, we are able to model and source [finance](#) options for the sale/purchase. Finally, the incoming owner often calls-upon us to undertake our [Business Health Check service](#) to (a) review and re-design processes—where appropriate—to ensure best-practice is adhered to from day one of the business' new life; and (b) to identify its growth drivers so that they can be adequately invested in.



our POINT *of* DIFFERENCE

Unlike some other firms—we don't simply focus upon the tax and accounting issues at play during a succession planning engagement. Whilst important—we rarely find these matters to be the 'be-all & end-all' in achieving a successful outcome.

So—how do we differ? Communication. Over many years of being involved in succession planning processes, the team at Koustas & Co understand that clear, concise, early and regular communication between all parties on the key issues is fundamental to achieving a successful outcome. This is particularly important in the succession of family businesses where there are often complicated family dynamics and emotional connections involved. On this point—we will help them embed the concept of succession into the business' day-to-day operations (by way of training and education) so that it becomes a process, not simply an endpoint.

In terms of executing the succession plan—we are also able to draw upon our broad and deep networks of financiers to assist purchasers to pay for the business. This includes all of the traditional lenders (such as the Tier 1 banks and secondary financial institutions) together with private venture capitalists.

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