



FAMILY BUSINESS ADVISOR

JUNE 2008

SIX KEY COMPONENTS OF SUCCESSFUL SUCCESSION PLANNING

In 1945, the radio talk show “*Queen for a Day*” debuted. It ran for over 20 years. The success of the show was, in part, because the contestants received what they requested. This concept applies well in business planning. When I meet with clients, I often ask them, “If you were King (or Queen) for a day, what would you want....?” This allows each client to focus on exactly what they really desire. This is the **FIRST** step to successful succession planning.

The Six Key Components of Successful Succession Planning:

1. **Understand the client’s goals and desires.** This is the fundamental basis for all successful business planning. This includes transfer of the business enterprise, wealth transfers, retirement planning, tax reduction, or any other long term planning.
2. **Collaborate.** The current owner, future owners, advisors, and tax attorneys who are succession planning specialists, need to collaborate together to design and implement the succession plan.
3. **Take Time to PLAN - with the future owners.** Competency for the next generation of business owners is often the result of years of planning, training, education, and communication between the current owners and the future owners. It takes time for the new owners to “think like an owner.”
4. **Discuss the Tough Issues.** Naturally, many families want to minimize conflict and promote family harmony. However, dodging tough family business issues, such as how to finance business expansion or what is a fair rate of return on shareholder equity, often results in future crises. This is especially true if the transition is caused by an unexpected illness or death. Ongoing frank and constructive dialogue is critical.
5. **Take time to PLAN - to minimize taxes.** Planning early can allow the government to share in the Cost of the Business Transfer through tax deductible and tax advantageous planning. Archimedes once stated, “Give me a lever long enough and a fulcrum on which to place it, and I shall move the world.” The same is true with income tax planning. Give me enough time and we can transfer the business on a tax advantageous basis.
6. **Avoid transferring your business at the time of your death.** The IRS will value your business interests on your estate tax return on the basis which produces the highest amount of estate tax. Your estate taxes will have to be paid immediately, either from a forced sale of business assets or from your savings.

Lack of succession planning has a broad impact. It can affect future investment in capital, lines of credit, rapid loss of assets, retention of your key employees, suppliers, and customers, and even your banking relationships. Lack of tax planning is one of the reasons why 70% of family businesses fail to survive to the second generation.

How will you know if your Succession Plan is structured for maximum tax benefits?

Our tax professionals at Robison Law Firm are available to discuss your individual situation. Stephen L. Robison, Esq., a full-time practicing tax attorney, is a Board Certified Federal Tax Specialist. Mr. Robison and his team of tax attorneys will work with you and your clients to design and implement a succession plan to maximize your client’s tax benefits.



**Stephen L. Robison,
J.D., LL.M
Tax and Business**

Board Certified in
Federal Taxation Law
since 2002.

Selected as
Ohio Super Lawyer
In Federal Taxation Law
2003-2008

Providing tax and
business advice to
professional Advisors.

- Income Tax Planning
- Tax Audits & Appeals
- Partnership Agreements
- Corporate Tax Planning
- S Corporation Planning
- LLCs
- Like Kind Exchanges

Contact us at:

Robison Law Firm
11353 Reed Hartman Hwy,
Suite 300
Cincinnati, OH 45241

Toll free:
800-427-7212

Telephone:
513-412-3483

Fax:
513-412-3482

E-mail:
steve@robisontaxlaw.com

Web site:
www.robisontaxlaw.com