

VIRGINIA WORKING WATERFRONTS



Strategies to Keep Virginia's
Waterfronts Working:

The Why, What, Who, When & Where
of Business Succession Planning

Business Succession Planning

- Why is planning important?
- When should planning begin?
- Who should be included in the planning process?
- What should planning include?
- Where the business is a “waterfront” business, what additional issues must be address?

Good planning is critical

- To the survival of the business
 - 80% of family businesses do not pass successfully the next generation
- To the financial and emotional well-being of the family
 - Succession planning provides peace of mind

Planning should begin now



- Maximize opportunities
- Minimize disruption

Planning should involve the business owner's team of advisors

- Lawyer
- Accountant
- Insurance advisor
- Financial advisor
- Lender

The plan should be a comprehensive vision for the future

- Identifying and developing successor(s)
 - Who will...Own? Manage? Operate?
 - Continue ownership and control by family OR Sell?
- Financing the plan
 - Business valuation
 - Cash flow for retired owner, surviving spouse, etc.
 - Buy-out of other family members or compensation to other beneficiaries

The plan should be a comprehensive vision for the future

- Planning for death and taxes
 - Increased Estate Tax Exemption (currently \$5.34M)
 - Some shift in focus to avoidance of capital gains tax
 - Timely planning helps the transition to next generation
- Documenting the Plan
 - Tools include wills, trusts, buy-sell agreements, insurance, real estate transfers, operating agreements, etc.

The plan should address waterfront property issues

- The growing problem of non-conforming uses
 - Limit expansion
 - Reduced opportunity for relocation
 - Possibility that use may no longer be permissible
- Due to changes in code requirements or zoning ordinances, the business may require rezoning or special use permit

Pull the trigger

- The biggest obstacle to successful planning is inaction
- No matter how unique the situation, there are tools available
- Start the process early

Questions?



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