

Finding the Next in Line for Your Business

What will happen to your business when you're no longer able to run it? The recent *Succession Planning Study* from the North American Retail Hardware Association (NRHA) takes a look at how independent retailers are dealing with the succession planning process. NRHA surveyed 233 owners, managers and other employees to learn how operations are preparing to make ownership transitions.

The study found that less than 30 percent of participants currently have succession plans in place. This lack of planning is risky for business owners who are nearing retirement, needing to sell their business or facing disaster, particularly if they have not trained the employees or family members who will transition into the role of owner or manager.

What did the involved parties do to prepare for the transition process?



They met with an attorney, accountant and other advisers to develop a plan.



The incoming owner shadowed managers and trained in all areas of the business.



The incoming owner worked with the exiting owner to go through inventory.

How could the involved parties have been more prepared?



They could have researched more about the succession process ahead of time.



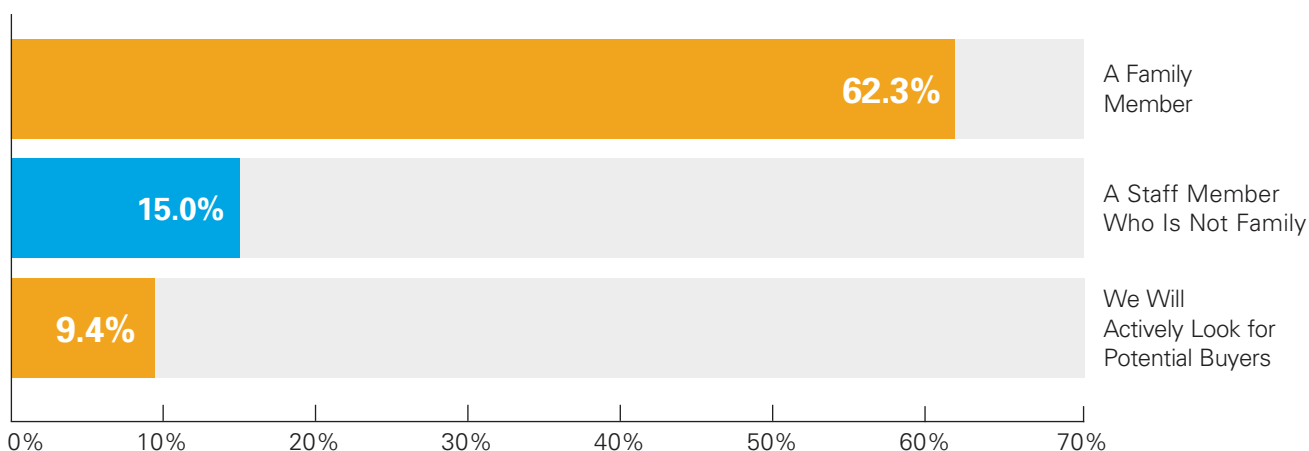
They could have consulted a coach who had been through the process before.



They could have involved more accountants and attorneys.

If you have a succession plan, who was chosen to be the successor?

Only the top three survey responses have been included.



Source: 2018 Succession Planning Study, NRHA

Of the survey respondents who have developed a succession plan, 44 percent say the parties involved were “very prepared” for the process. The majority of study participants were the successors in the plan, with more than 80 percent of respondents saying they were stepping into the business as part of the succession plan.

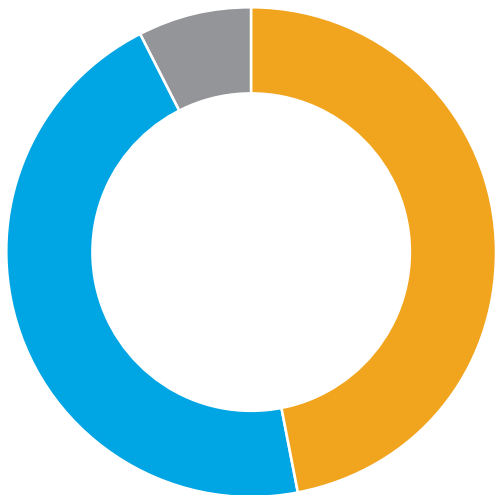
When crafting a succession plan for their operations, retailers need to consider many issues, including who will take over the business, the schedule for handing

over ownership and what the owners’ roles will be after they sell the business.

More than 60 percent of study participants say that after the business changes ownership, the owner who is leaving will still work for the company for a short time. Nearly a quarter of respondents say the exiting owner will leave the business, but will still be available for questions. To read NRHA’s complete *Succession Planning Study*, visit TheRedT.com/sp-study. ➔

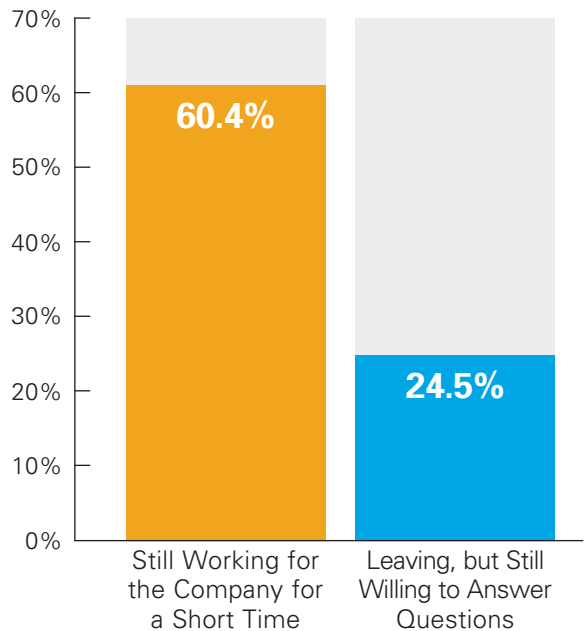
Is your company’s succession plan detailed in writing?

- No 47.2%
- Yes..... 45.3%
- I Do Not Know..... 7.5%



After the transition, what will be the role of the owner who is leaving the business?

Only the top two responses have been included.



In one word, how does succession planning make you feel?

Survey participants were asked to explain how succession preparation made them feel. The words they chose represented a mix of comfort and unease.



Source: 2018 Succession Planning Study, NRHA