

## > Business succession: Planning for the 'What Ifs' before they happen

by Brian Ripley



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**Business owners are often surprised that I ask them about their exit strategy when they first meet me. "I'm years away from retirement. Why should I worry about that now?"**

The simple answer is that you can't plan your path without first determining your ultimate destination. Are you building a legacy company to pass on to your children or employees? Are you creating a business to be sold to a stranger? Or some other scenario altogether?

Without understanding your intention, you can't develop and implement the strategies and actions necessary to reach your goals. If you're in business with someone else, the failure to determine if you share the same vision may result in insurmountable conflict when the continuation of the business is threatened by disability, retirement, death, divorce or other traumatic event.

Many small business owners have more than half of their wealth tied up in their business. Aside from their home, it likely represents their family's single largest asset – and the foundation of their long-term financial security.

Nearly 80 percent of business owners say they want their businesses to survive them. And yet less than 25 percent have any type of written succession plan or "exit strategy." The all too frequent result is that businesses devolve into conflict and chaos when a founder dies or becomes disabled. Decades of blood, sweat and sacrifice go quickly down the drain, all for want of a simple plan.

A well-crafted succession plan is as important as determining the type of business entity best suited for the company, including which will provide the most legal protection and financial benefit; utilizing contracts and agreements that accurately reflect and protect business decisions; and understanding the legal requirements and procedures necessary to retain the financial and legal protections a business entity provides.

Throughout the world are ancient structures that have withstood the ravages of time: the pyramids at Giza, Angkor Wat, Maccu Piccu, Hagia Sofia and others. In each instance, the builders of those marvels spent enormous amounts of time planning the foundations before a single brick was laid. The same lessons apply to business – the more thought, time and planning one spends in creating a company's foundation, the more likely that business will weather the storms and quakes of an uncertain world.

Over the 30+ years counseling business owners, I have become more passionate in advocating these concepts. Without exception, businesses fail because their owners were so eager to "get out of the gate" that they overlooked the key building blocks necessary to ensure their long-term viability and success.

My intention is that my business-owner clients don't become a statistic. Together, we craft a strong and enduring foundation, including a succession plan that preserves the value of the business by establishing a clear transition process while also providing the monetary resources necessary to implement the plan without jeopardizing the ongoing financial stability of the company. This way everyone can sleep better at night. ■

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Recognized in the Bay Area and beyond as among the foremost business transaction attorneys, the Law Office of Brian Ripley breaks down complicated legal issues in accessible and clear language, empowering business owners to make intelligent, informed strategic decisions about their companies.

Since 1983, we have represented companies of every type, size and description, from Fortune 100 multinational conglomerates to "mom-and-pop" businesses and "solopreneurs." Our clients represent a broad spectrum of industries, from health care, architecture, construction, equipment supply, real estate investments, legal and financial services, consumer products, and technology to the arts.

Business owners who are provided with clear information regarding the full range of available options, coupled with an understanding of how the law impacts their company, supported by proactive, strategic counseling, have the best chance of long-term success and profitability.

Based in downtown Oakland, our legal services include guiding business owners every step of the way. We help owners select the right type of business entity and analyze the risks involved. We counsel clients on "best practices" concerning how to respond quickly and effectively when legal problems arise. We specialize in creating and implementing effective business succession plans. And we give back to the community by supporting worthy local projects and charities.

Proactive business planning is far preferable to reactive management, and less costly in the long run. With decades of civil litigation experience, we have a deep understanding about how legal protections break down over time. If your company has vulnerable areas, we are constantly on the alert for ways to fine-tune your business practices and documents. That way, problems that arise are less like a tsunami and more like a ripple on a smooth pond.

To protect your business, hire a great lawyer. For a complimentary initial consultation, contact our office at (510) 596-1745 to schedule an appointment. ■



**BRIAN A. RIPLEY**  
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Over 30 years counseling Bay Area business owners in a broad range of legal issues, including entity formation, corporate compliance and governance, contracts and buy-sell agreements, business "best practices" and procedures, commercial leases, succession planning and "exit" strategies.

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