



Key Family Wealth – Business Advisory Services (BAS)

A Growth Plan Can Help You Transition

The Key Wealth Institute is a team of highly experienced professionals from across wealth management, dedicated to delivering commentary and financial advice. From strategies to manage your wealth to the latest political and industry news, the Key Wealth Institute provides proactive insights to help grow your wealth.

This newsletter is written for business owners who are considering and/or executing upon a plan to transition their privately held business. As you decide upon the optimal transition option to meet your personal and business goals, we want to highlight the importance of developing a growth plan as you prepare for your transition. The reason why a growth plan is needed for a successful transition is because the transition plan that you have is the start of a growth plan for the next owner.

What are you selling with your transition?

It is helpful to ask the question – what am I selling with my business? In some respects, you are selling the conviction that your strong past performance will continue into the future. When the next owner takes over your business, their primary focus will be on the future, not the past.

Wise owners realize that buyers follow the WIIFM mantra – What's In It For Me? If you help your next owner answer their WIIFM, then as the exiting owner you lend credibility to the notion that you are leaving a healthy, viable business, not one stripped of all opportunity. You have the opportunity to speak to the buyer in terms that they understand, and on issues that are critically important to their decision in coming to own your business. A common question buyers ask selling owners is, “what does the next five years look like for the business”. Basically, how is the current owner expecting to grow the business if they do not sell? A lot of thought should be put into this answer. Buyers aren't interested in businesses that don't have any growth potential.



The courtesy of preparing the company for its next owner

If we compare preparing a business for sale with selling your home, we see some interesting parallels. If you do not fix up your house for your next owner, it will likely sell for less than you desire or, worse yet, it may not sell at all. You want to create curb appeal. Every real estate broker will advise you that bathrooms and kitchens provide a return on investment – but installing a pool likely does not. If you actively consider the needs and objectives of your next owner, the market will typically reward you for that alignment of thinking. Similarly, consider a growth plan in conjunction with your transition plan.

A Growth Plan Can Help You Transition

Who is responsible for defining the next level of growth for your business? You or your next owner?

If your transition does not include a path for growth, then you likely believe that it is the responsibility of the future owner to bring all the fixes to your business. A home buyer will not simply replace outdated kitchens and bathrooms; they are going to offer less money for the existing home. The same principle applies to business sales; present your potential buyers with opportunities, not problems and hinderances.

No future owner wants to begin their new journey with a business badly in need of repair (at least not the type of future owner that you want to attract, i.e., one who pays a fair market value/premium for the business). Help your future owner begin their stewardship of your business by preparing the company for a new owner; in other words, develop and incorporate a growth plan that a new owner can use as a blueprint for increased revenue and increased earnings.

Your transition plan ends where your next owner's growth plan begins

The person coming into your business will be thinking about growth – that is likely the reason that they are taking over your company.

Think of a growth plan as the blueprint, or architecture, for the expansion of your home. If you could hand a home buyer a solid house and also an architectural blueprint for what the house could be in the future, then you are helping that buyer to envision all the fantastic opportunities for your asset once a commitment is made to take it to the next level.

A growth plan is an architectural design for the next level of success that the business can reach. And, the more you can let your next owner see that your planning ends where theirs is able to begin, the more likely you are to experience success with your transition plans.

What is included in a growth plan?

In preparing a growth plan, a transitioning owner wants to outline the opportunities that lie ahead for the business, focusing on the areas where the business can expand in the future. The growth plan not only paints a picture of a rosy future for the business but also designs a blueprint for the build out to that next level. The growth plan highlights areas that the next owner can improve upon as well as opportunities that are not being pursued by you, the current owner, today. The growth plan is a comprehensive document that touches on all areas of the business so that the next owner's concerns are addressed and areas of opportunity can be reinforced.

Concluding thoughts

Whether you are looking to grow your company to the next level before your transition, or you are ready to transition today, a growth plan can assist you with realizing success. The reason is that a growth plan can be the catalyst to a successful transition plan, either today or sometime in the future.

The growth and transition planning process are both complex. We are here to assist you in deciding upon which plan should come first and in helping navigate the complexity of both processes.

For more information, [please contact your advisor.](#)



The Key Wealth Institute is comprised of financial professionals representing Key entities including Key Private Bank, KeyBank Institutional Advisors, and Key Investment Services. Any opinions, projections, or recommendations contained herein are subject to change without notice and are not intended as individual investment advice. This material is presented for informational purposes only and should not be construed as individual tax or financial advice.

Bank and trust products are provided by KeyBank National Association (KeyBank), Member FDIC and Equal Housing Lender. Key Private Bank and KeyBank Institutional Advisors are part of KeyBank. Investment products, brokerage and investment advisory services are offered through Key Investment Services LLC (KIS), member FINRA/SIPC and SEC-registered investment advisor. Insurance products are offered through KeyCorp Insurance Agency USA, Inc. (KIA). KIS and KIA are affiliated with KeyBank.

Investment and insurance products are:

NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY

KeyBank and its affiliates do not provide tax or legal advice. Individuals should consult their personal tax advisor before making any tax-related investment decisions.