

Friday, October 5, 2007

Business transition seminar

By York County Development Corp.

Just a reminder of the Business Transition Seminar to be held Tuesday, October 9, 2007 for all York County area businesses.

Here are a few facts and statistics about Business Succession:

On average, 45% of the business owner's net worth is tied up in the business. (LIMRA International, Small Business Owners 2005 Report)

Many business owners want to pass the company to the next generation. (Families in Business, NFIB National Small Business Poll, 2002)

Only 26% of small business owners have some type of succession plan in place. (LIMRA International, Small Business Owners 2005 Report)

Fact: Many business owners are depending on the value of their business to fund their retirement.

Less than 30% of family owned businesses survive to the 2nd generation and less than 12% to the 3rd generation with only a 3% survival rate to the 4th generation. (Joseph Astrachan, Ph.D., editor, Family Business Review)

The leadership of 39% of family-owned businesses will have changed hands in the next five years. (Raymond Institute/Mass Mutual, American Family Business Survey, 2003)

19% of family business participants have not completed any estate planning other than writing a will; only 37% have written a strategic plan; and over 60% are very positive about their company's future. (Raymond Institute/Mass Mutual, American Family Business Survey, 2003)

More than four out of five family businesses are still controlled by their founders, but there is a coming wave of change in the family business market place that brings the need for ownership succession planning to the forefront of priorities. About 40% of family businesses expect the leadership of their companies to change by 2008; well over half of family businesses expect a leadership change by 2013.

About a third of family businesses have a chief executive who's older than 60, with an average age of 54. 11% are older than 71 years old. Regardless of a CEO's age, it is never too early to begin family business succession planning. 88% of current family business owners believe the

same family or families will control their business in five years, but succession statistics undermine this belief.

Only about 30% of family owned businesses survive into the second generation. 12% are still viable into the third generation, and only about 3% of all family businesses operate into the fourth generation or beyond. Research indicates that family business failures can essentially be traced to one factor: an unfortunate lack of family business succession planning.

All businesses will transfer at some stage of their life cycle. Two out of three firms lack a written strategic plan for business transition, and most companies have no plan of any kind.

If you're thinking about a business transition within the next five to ten years, this seminar is for you. The seminar is also open to community leaders and business professionals who are interested in helping to find local business successors and preserving or growing the local business community.

Representatives of The Solutions Group of Omaha and Strategic Legacy Advisors, Inc., of Lincoln, will share their experiences and knowledge relating to business transition cases in rural communities.

The seminar will be held at the Kilgore Memorial Library, 6th and Nebraska Avenue, in York, starting at 6:30 p.m. Hosts will be the Federal Reserve Bank of Kansas City – Omaha Branch; Rural Enterprise Assistance Project, and the Development Corporation.