



Small Business Owner Perspectives on Succession Planning

Interview Findings

ideas42

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About ideas42



ideas42 is a nonprofit that applies insights from behavioral science—the study of how people make decisions and act in the real world—to improve lives and drive social change. Working globally, we reinvent the practices of institutions, and create more effective products and policies that can be scaled for maximum impact.

We also teach others, ultimately striving for a future where the universal application of behavioral science powers a world with optimal health, equitable wealth, and environments and systems that are sustainable and just for all.

For the past 15 years, we've been at the forefront of applying behavioral science to create a more equitable world. And as we've developed our expertise, we've helped to define an entire field. Our efforts have so far extended to 50+ countries as we've partnered with hundreds of governments, foundations, NGOs, private sector entities, and philanthropic leaders.

Visit ideas42.org and follow [@ideas42](https://twitter.com/ideas42) on X [formerly Twitter] to learn more about our work. For more information about this report, contact Vivien Caetano at vcaetano@ideas42.org or explore our [project webpage](#).

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The views and opinions expressed in the report are those of the authors and do not necessarily reflect the views and opinions of JPMorganChase or its affiliates.

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SECTION 1

INTERVIEW SAMPLE

Our sample included 18 owners of U.S.-based employer businesses with \$1-16 million in revenue across three target industries: Retail Trade, Wholesale Trade, and Health Care. We conducted one-hour, semi-structured one-on-one interviews with these business owners in November and December 2024.

This report also includes quotes from our survey of 300 business owners, fielded in October and November 2024. These quotes come from three open-ended questions in the survey, which asked why business owners were considering specific exit options and whether they had any other thoughts about succession planning they'd like to share.

Please explore [our website](#) for additional survey findings, as well as insights and recommendations drawn from the interview and survey findings.

This section provides more detail on demographic characteristics of our interview sample.

1

Gender

(Count of respondents)



2

Race/ethnicity

(Count of respondents)



3

Age

(Count of respondents)



4

When do you expect to exit your business (to retire, to pursue other opportunities, or for any other reason)?

(Count of respondents)



SECTION 2

FINDINGS: PLANNING STATUS AND VOCABULARY

This section highlights trends in succession planning practices and related vocabulary among business owners we interviewed. Key takeaways include:

- ▶ **Most report having a plan in mind, but many have not figured out the details:** Half of interviewees said they have a plan in mind but have not figured out the details. These owners largely recognized they should have a plan in place and had sought advice and considered options, but had not yet determined whether their preferred exit option was feasible.
- ▶ **No consistent understanding:** Business owners did not use consistent vocabulary or have a common understanding of succession planning.

PLANNING STATUS

To what extent have business owners made a plan?

Respondents were asked to respond to the question: To what extent have you made a plan for what will happen to your business after you exit the business? The section below provides details shared in interviews about interviewees' planning status, grouped by their response to that question.

▶ ***I have not thought about what will happen to my business after I exit OR I have thought about it, but have not decided what the plan will be***

Owners did not have plans in place. One was resistant to thinking about planning or exiting. Another had considered exit options but was prioritizing addressing challenges external to the business (e.g. natural disasters, health challenges) before determining their plan. (One owner already had a formal agreement in place; this owner may have selected the incorrect status.)

3

**Interview
Respondents**

“No, I’m not thinking about leaving right now. Honestly, when the word “transition” comes up, it makes me think about getting old or even getting ready to die. But I’m not in that place yet.”

“I’m getting to the point where I need to start to do some succession planning... I’m still not in a position to retire because of some of the situations... I think by the end of spring or summer next year, I’ll have the foundation to make some longer-term decisions... I can make the numbers work pretty soon, but I’d be giving up so much.”

“We have agreements in place how [my transition] will happen and who will be the succession in place. I am going to be 68 pretty soon so I put that in place a couple of years ago. In fact, if they want to take over without me, they can do it at any point. It’s on paper. We’ve talked to attorneys about it.”

▶ ***I have a plan in mind, but have not figured out the details***

Owners largely recognized they should have a plan in place and had considered options. Many had identified their preferred exit option but were not yet sure whether it would be feasible, and had back up plans in case it didn't work out. While some voiced that they were not ready to retire, many reported they were considering exiting to reduce stress or pursue other opportunities. Many had sought advice from trusted advisors; a small number had consulted with professional advisors about succession planning.

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**Interview
Respondents**

“Everybody wants to know when I’m exiting my business... So every year I have a meeting with my attorney... I have a meeting every year with my accountant, same thing. What do you think of the future? What’s going on? What do you want to do? ... My exit strategy is I don’t want to exit until I’m not able to do this. That’s it.”

“There’s no succession plan. When I’m ready, I’ll just call a broker and sell the business... In a year, I’ll be further along in the process. Based on the little research I’ve done, I’ve shared my initial feelings—they may change. I don’t have all the numbers; these are just my early impressions. What’s out there, I don’t fully know yet.”

“I’m definitely not at that place of just like walking out, and I would like to do it well... It’s having a conversation with [business partner], which I’m not going to do during the holiday season while we’re snowed under.”

“We could create a plan right now, but as far as implementing it, I feel there’s no rush... I don’t want to pass away and leave the burden of the business for someone else to figure out. Eventually, I know I’ll have to step away.”

“The emergency plan is the emergency plan. The succession plan is the succession plan. And I’m glad I put it in place in advance in case something happens. But in terms of truly stepping away or not stepping away, I think for me, I will know in three years... The uncertainty right now is so much.”

“We’ve spoken to other... companies to explore whether they’d be interested in taking over. We’ve been developing both a Plan A and a Plan B, but if neither works out, we can’t just keep running the business at a loss.”

“I do have an attorney... and she’s been looking at some things for me for about a year and a half. I came to her, said this is what I’m thinking of doing... I know people who’d want to buy today... in my industry... I’ve talked to some people—not saying I would do it, but asking, what would you think about me doing it?”

“I’m giving them 5 years... I think that’s the right age for them to be prepared to take it over... I would love to have a 12 month out strategy.”

“Even with a succession plan in place, I still need to be involved. No way to foresee every scenario that comes up.”

► ***I have a specific and detailed plan, but have not started executing it yet***
Owners had a clear idea of their best-case scenario for their exit and back up options. Owners had not taken concrete steps within their plan, and understood that circumstances could change before their exit.

“We love what we do. But it came to a point where we need to think about what we’ll do when it comes time to sell the office. And we looked at data and settled on 6-9 years. And we’re constantly trying to think “what will we do when we sell the practice.”

2

**Interview
Respondents**

“ I love to plan out ahead. I wish I could [plan] 10 years [out]. I would love that. This way, I get all my ducks in a row when the time comes to retire, I don't have no stress on me, because I had everything planned out... [But] it all depends on how things are going to be in 10 years and who the president is... I have to wait till two years before I retire, before I can actually really start planning.”

► ***I have a specific and detailed plan, and have started executing it***

Owners had identified buyers, engaged professional advisors (lawyers), and formalized some aspects of the plan.



**Interview
Respondents**

“ While I have a plan, it doesn't feel solid enough yet. I've implemented part of my own plan, but there's no guarantee that others will follow through with their part.”

“ I brought in some silent investors... when I was 50 years old, the thinking was if I stay healthy, by the time I turn 75, they'll in a sense buy me out. They're the ones really running the business at this point.”

“ We've already spoken to a lawyer about the transfer, and the setup I've proposed is straightforward.”

“ Over the last 2 months we discussed and generated documents of a transition plan and it's gone so far as my attorney drawing up a buy-sell agreement... We have a good plan in place and just crossing the t's and dotting the i's.”

Corresponding Survey Findings:

Among survey respondents, 27% reported that they had not decided on a plan, 23% had a plan in mind but had not figured out the details, and the remaining 50% reported having a specific plan in place (Q18).

PLANNING VOCABULARY

What language resonates most with business owners?

Terms like "succession planning," "exit planning," and "transition planning" were familiar to owners and none seemed to carry greater weight. Among some owners, "succession planning" was linked specifically to leadership transitions within families or large corporations; "transition" felt like a euphemism for aging and mortality; and "exit" felt like retirement rather than moving on to a new venture. Some owners made an interesting distinction between planning for an emergency (unplanned event) that could cause a transfer of ownership, versus plans to be enacted at the time of the owner's choosing.

QUOTES FROM INTERVIEWS

“ I’m part of a franchise, so I hear those terms. I haven’t talked to a broker, but you hear them—especially “exit planning.” I hear it a lot when I read or talk to other colleagues and franchisees.”

“ I didn’t know what a succession plan was... so I would take the time to just do the research and read and look at YouTube videos... I was just grasping at straws, trying to learn it all.”

“ Succession planning resonates with me because when I hear that term I think of a very large business with a lot of nuts and bolts that you have to have a succession plan.”

“ Retiring, selling—I don’t really call it a transition; it feels a bit silly. I think about it as selling the business. I could sell it to another business. For me, “selling the business” and “retirement” go hand in hand.”

“ [I prefer] exit planning, because when I hear it, I think of leaving my business. It makes the most sense to me—getting out, tying up loose ends, and leaving the field.”

“ Transition feels more specific—it’s about passing the business from one person to another. Exit plan is broader; it could involve shutting down, selling, or covering succession and transition planning all at once.”

“ We’ve talked about succession planning, but I’ve never heard the term exit planning used in our context because family members never really leave. Even if they’re not actively working, they still visit the business and stay connected. Transition planning is a term we’ve used occasionally, but for us, it’s primarily an estate planning issue... When it comes to transferring responsibilities or ownership, it’s treated as part of estate planning. We’re not trying to push anyone out; it’s not a formal “you’re out” situation.”

“ Transition Planning: Preparing to shift into something else or leave one area for another. It’s about getting ready for the next step to ensure you’re set up for success. Exit Planning: Primarily about retiring or stepping away entirely from something. While the two can overlap, I see transition as moving toward a new venture and exit as a full retirement or stepping away without necessarily continuing in another direction. I’m less familiar with “succession planning.””

“ Exit strategy is something that I learned in my MBA. It’s business strategy—when you want to exit the business but not necessarily sell it.”

“ For me, exit planning means preparing for retirement, having a plan to transition out of the business, and possibly cashing in.”

“ I think about emergency planning as if something were to happen and I think of long-term planning as... I have two sons and as I become older, I am starting to think about [transferring the business to] them. ”

“ I was 50 at the time, wasn't really thinking succession necessarily, was thinking of bringing in new partnership... So I brought in a new team, liked the idea that they're young and could continue to run the company. I wasn't using the term succession at that time.”

“ I don't know if “planning” is the right word; I'm just gathering information—what I'll need when I'm ready.”

“ When I think about transitioning, retiring or moving into another area comes to mind... I wouldn't use the word “transition” because I'm not looking to exit—I want to expand.”

“ When the word “transition” comes up, it makes me think about getting old or even getting ready to die. But I'm not in that place yet.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ Succession planning should be a continuous process, not a one-time event, like regularly review and update plans to reflect changes in the organization.”

“ A strategic approach that includes succession planning as a key component for ensuring the organization has a pipeline of capable leaders.”

“ Succession planning is the way in which the owner passes on important business knowledge to successors.”

“ Succession planning is the process of finding potential candidates who are ready for future leadership.”

“ The process is about selecting and preparing a crucial individual to step into a leadership role and manage the business.”

“ Succession does not just mean choosing a successor; It is a strategic process.”

“ Succession planning is about retaining top talent by providing career advancement and clear pathways to leadership.”

SECTION 3

FINDINGS: INFLUENCERS AND STAKEHOLDERS

This section examines where business owners look for information or advice and what prompts them to consider succession planning. Key takeaways include:

- ▶ **Cues to plan:** Interviewees looked to trusted advisors, especially family members, financial advisors, lawyers, and accountants, for cues to plan and advice about succession planning.
- ▶ **Participants in the planning process:** Professional advisors and family members were frequently involved in the planning process; owners had mixed opinions on when to involve or inform employees.

INFLUENCERS

Where do business owners turn for information or advice? What prompts owners to create a plan?

Interviewees sought advice on succession planning from trusted advisors, including: family members, accountants, financial advisors, and attorneys. Owners looked to advisors for cues to plan and many voiced a desire for more guidance from advisors.

QUOTES FROM INTERVIEWS

“ My accountant and financial advisor are my two primary sources for guidance.”

“ I do have an attorney... and she’s been looking at some things for me for about a year and a half. I came to her, this is what I’m thinking of doing, I’m not an attorney so there’s legalities involved.”

“ I would feel comfortable [talking to bank about this]—money is very personal, they can pull you up, they have your finances/information. Or with an accountant or attorney that specializes in things like that. I want to know they’re knowledgeable—I like people who know more than I do. I would want someone that I can trust that that’s their expertise.”

“ It was hard for me to trust the banks, you know, I would get a lot of discrimination... I wasn’t taken seriously. We would always have a joke, it must be the hair, right?”

“ The SBA, I pay a lot of attention to what’s going on with them because they were a big part of my business when we started out.”

“ The big question is how to handle taxes. If I were to sell all the buildings, what would the tax implications be? Should I do it gradually over time? Could I write any of it off? These are the kinds of details I’d need to figure out to avoid costly mistakes. My cousin, who recently closed his business, seems happy with how it went, so I’d likely talk to him for advice. However, our operation is larger and more complex, so I’d need to adapt his approach to fit our needs.”

“ I have other people that own businesses... I can bounce things off of. I always like input.”

“ I did not want to sound foolish to these people [financial advisors and bankers], because... I come from a place where wealth was just not the thing... I had to bootstrap and learn on my own, but now, if I have a question on anything... I run into chatgpt, or I run into copilot, get all the information, then I schedule the call, because I don’t want someone talking above my head... I want to at least know what they’re talking about.”

“ Other than my financial advisor, I haven’t looked at experts. You are the expert consultant on your business, you should know when is the right time. There are many expert financial consultants externally that they give you advice based on the interest of [the consultant], but not your interest. If there is someone who is an expert consultant, I will listen. But if you ask me if what they say will have an impact on my decision, I would say not very much.”

“ It’s just me making decisions now. I used to get advice from my husband, but since his passing, I handle everything on my own. I do read articles to stay informed and learn about different aspects of running the business.”

“ I’ll be more interested [in planning] when my accountant says you need to really think about this... Look, you need to hand this off.”

“ The moment we signed up with the family office [wealth management], everything changed. You had people that, I mean literally, it's a body of knowledge that no one knows, but they know, like everything... They literally manage all this stuff for you. And I'm sitting here just enamored, saying, Lord, where were these people when I started?”

“ Every year I have a meeting with my attorney... I have a meeting every year with my accountant, same thing. What do you think of the future? What's going on? What do you want to do?”

“ I went to the bank. I said, Look, can you guys help me? I just need succession planning for dummies, something very simple. And they gave me a PDF, but it was like maybe two or three pages. It was a mock succession plan. "In the event of my death, the business, it becomes controlled by my eldest son, and he will control 60%" ... In other words, it took, like step by step, for me to say, okay, I get this.”

“ Most attorneys and CPAs don't prioritize talking about this with their clients. It's part of their duty. The clients feel like they are 30 years old and assume they can keep working on this.”

“ I wish there was something, like a roadmap or a guide, [from] the SBA or bank... You're so excited when you start a business that planning is like an afterthought. I know that it's up to me but I wish there was more guidance... something that puts in your head—“you know what? Some day you will need an exit plan” ... We think a lot about how to get a business, how to stay in business, but my bank has never come to me and talked about “you know, do you have a plan down the road?”

“ Please share your findings with the Small Business Development Centers, the SBA... [it] will be helpful for those agencies to start focusing on succession planning themselves as part of the their prerequisite for businesses.”

Corresponding Survey Findings:

These findings aligned with survey findings: lawyers, online searches, and wealth management advisors were the most common sources of information or advice about succession planning (Q20). Advisor encouragement was a top reason that business owners began succession planning (Q23).

STAKEHOLDERS

Who is involved (or not) in creating a plan?

Owners intended to involve professional advisors in the planning process, particularly for valuation and legal assistance. Owners often consulted family members. They had mixed opinions on whether to inform employees or other stakeholders before the process is complete.

QUOTES FROM INTERVIEWS

“For sure, accountants, as far as business valuation, or attorney, for sure, as far as negotiation goes... We'll ask anybody and everybody that we think will be able to give us either a valuation or an avenue to pursue.”

“I think once [my business partner] and I agree that something's going to be different, I think immediately we look towards accountants, attorneys, whatever, and he and I... would do that together. I don't think it'd be like a secret agreement, or like me doing something behind his back, that's just not really either one of our styles.”

“When I started considering it seriously, it was time for accounting. My attorney was the last of the list of people I contacted, she just gets the function done. I say what I've decided, she takes care of the legalities. She can give me legal advice but isn't a business advisor.”

“I had advisors and mentors. I had my wife; she was running the company at the time. My lawyer helped negotiate the deal. A friend of mine who was running [similar businesses]. I had my rabbi. I had a number of people helping me make this deal to bring in a new partnership.”

“I imagine I could find someone to consult with by searching for succession planning specialists. If I couldn't find someone, I'd rely on my own judgment, but my main concern is ensuring I don't create tax problems for myself.”

“The first step would be to look at the tax implications. I'd need to ensure I'm not doing anything that could negatively affect me financially... I'd consult with an accountant and someone who specializes in succession planning to understand the best approach. I'd also talk to my family to ensure everyone's on the same page and no one's feelings are hurt... If someone walked in tomorrow and offered \$10 million, I'd be ready to sell immediately. However, I'd still talk to the employees, consider their feelings, and ensure those who've been with me for a long time feel heard.”

“The primary thing is getting things done in true legality, that's a big concern.”

“I haven't yet sought outside counseling or advice from someone neutral—someone with no vested interest on either side—to help guide this transition. That's probably a logical next step.”

“I know there are consultants out there, like there are everywhere, that have experience in these transitions and can walk you through every step for a fee or for a pretty penny. I didn't feel like I needed to do that because I had [an existing relationship with] someone who was a consultant who did do it for 40 years on her own, so I lucked out. But if I didn't have that, there are some pretty talented people out there who know how to transition businesses and know all the steps and can make it easier a transition instead of trying to figure out stuff on your own and hitting roadblocks.”

“ I’d keep the discussions within the family. Once a clear plan is in place, I’d bring management into the conversation. I’d also make a point to inform employees who have been with us for a long time, giving them a heads-up and setting clear expectations.”

“ I kept it pretty tight to the vest. My wife knows and my children know. My mom and dad know; my dad has been my sounding board for a lot of business decisions. My mother-in-law and father-in-law are in the loop; they are buddy-buddy so they all know... One other member of the staff here is in the loop that I have been talking about selling or merging but no more details than that. CPA and lawyer know. That’s about it. No one outside the bubble. No friends or other family members. Certainly no employees, none.”

“ No... employees know. It’s not their business. They’re not owners of the business... I didn’t discuss with anyone else.”

“ I want to keep this really quiet; I don’t want anyone to know unless it’s a done deal. If word got out to the staff, they might jump ship, and the sale could fall through. I wouldn’t tell anyone but my broker until I’d signed on the dotted line.”

“ If it’s for sale, I would sit [my employees] down way ahead of time. After you sell something you can’t know what’s gonna happen, so I would want to give them options on what they want to do.”

“ If you give people a long enough timeline, I don’t think anyone would really care too much. The reaction would be very different if you said, “Tomorrow is our last day” versus “Two years from now is our last day.” I’d aim to give as much notice as possible to avoid springing it on anyone unexpectedly. It’s important to me not to hurt anyone in the process, but I also need to balance that by not putting myself in a difficult position.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ It is also important to maintain open lines of communication regarding succession plans to manage expectations and reduce uncertainty in succession planning.”

Corresponding Survey Findings:

Among survey respondents, the majority reported they would involve lawyers, wealth management advisors, and family members in creating a plan. A smaller number also would involve employees in leadership roles, accountants, and investors. About 10% of owners would involve their banker, and only 3% would involve employees in non-leadership roles (Q24-25).

SECTION 4

FINDINGS: PRIORITIES AND MOTIVATIONS

This section highlights the key priorities and motivations that drive business owners to create a succession plan. Key takeaways include:

- ▶ **Focus on legacy:** Business owners are most focused on protecting their business' legacy and ensuring it does not close, with a smaller group prioritizing financial concerns.
- ▶ **Mixed emotions about change:** Some business owners worried about whether their business would thrive without them. Some owners were concerned about what they would do with their time after exit, while others viewed exiting as an opportunity to devote time and energy to other priorities.

LEGACY

Business owners' top priority

Many owners viewed protecting their business' legacy as a top priority. Legacy was defined across multiple dimensions: their business continuing to operate and thrive after their exit, taking good care of their employees and customers, and upholding the business' reputation and values.

QUOTES FROM INTERVIEWS

“My legacy is what’s important to me... It’s not about the money, it’s about are we taking care of people, are they getting good service, company has a good reputation.”

“When you build a business and put your heart and soul into it, the thought of seeing it just fold is heartbreaking. I want to ensure its legacy continues.”

“One of my main concerns would be ensuring the buyer continues providing the same level of customer service we’ve built our reputation on. As a small business, customer service has been key to our success and how we’ve secured many of our jobs. I’d want to know they will treat our customers with the same care and not reduce them to just another number.”

“I’d hate to see a year later and you Google my business, and “ooh, this is not good,” This is my legacy to some degree... I want to make sure that whatever I leave behind means something to someone else. I’m not running a company that’s going to save the world, but I’m proud of what I’ve made, what I’ve produced, what I can leave behind.”

“If you asked me 5-10 years ago, maybe it would be different. But now it’s so important. That legacy means a lot to me. I think the older you get, it doesn’t really matter how many material things you have. Next year there will be something more expensive and people will forget about it. But when you have someone who impacts you as a person you will remember that.”

“Selling to someone who respects the brand and can uphold its reputation is critical.”

“Your business is your little baby. You’re not just going to give your baby to anyone—you’re going to give your baby to someone who will care for it.”

“The goal for this is for this place to run forever. We built something, have a great history and reputation. I don’t want to see it die. I want to see it grow.”

“I can’t control it, but it’s important to me that the business flourishes and keeps going.”

“I would want to see my staff still in place and thriving... We have probably the lowest turnover. I mean, I’m really proud of that. So I’d want to know that they were taken care of.”

“When people say, Yes, I will work for you, they’re saying I will trust you for my income, for my kids, for my mortgage... So it’s a huge responsibility.”

“I’d want to know that my customers are still here... I would want to know that they stuck around and that we built something that was sustainable.”

“I think the thing that’s the most important to me, if they keep the name, is that quality doesn’t suffer. We have a really high quality product, and we have a great reputation with people in town, some great community relationships.”

“I would never want anybody operating under my name, very important to me.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ A business is a part of their legacy so a businessmen should always try to protect it.”

“ It's about choosing individuals who have the passion and ability to continue the legacy.”

“ The purpose of succession planning is to ensure alignment between the successor and the company's values.”

Corresponding Survey Findings:

In the survey, business owners cited protecting their legacy as their highest priority goal when thinking about succession planning, followed by ensuring their business does not close (Q29). 68% agreed that they are worried about what will happen to their business when they step away. By far, the respondents most worried are those with no plan (Q31; Q31A).

FINANCIAL CONCERNS

Also prioritized by many owners

Many owners viewed financial concerns as an important factor in their planning (often still rated below legacy). Many reported that they were relying on their business to fund their retirement, maintain their quality of life, and provide financial security for their family, and planned on accomplishing this by selling the business or maintaining partial ownership or involvement. Emotional ties to their business impacted how they approached the financial aspects of planning.

QUOTES FROM INTERVIEWS

“ I talked to my son, and he’s not interested, so if he’s not interested, I want to get as much money as I can.”

“ I don’t have another 30 years to start pouring into a new 401k... This is my retirement plan.”

“ I want to continue to fund my retirement. Over 20 years I’ve pulled money aside, but not nearly enough to live comfortably without social security, so part of my plan with the transition was to have it somehow generate revenue for me... Still have a piece of the business, generate a monthly revenue, a bonus... That was my main focus with getting out.”

“ This might sound horrible, it’s not greed, but my first priority is to sell it and make profit out of the sale. My second priority is—I can’t control it, but it’s important to me that the business flourishes and keeps going. My third is that I’m financially sound and secure and that I have something to leave to my boys.”

“ I’m not interested in the payout. I have a very minimalist lifestyle... I just want enough so that I can live a lifestyle commensurate with my contribution.”

“ Most of the other partners... they don’t care about the business itself. They just want to make profit. And I don’t like that.”

“ There’s a human side to this. I want to sell the business and maximize my profit, but I also have relationships with these people. It’s hard to turn that off, and that brings out the emotional side.”

“ Now that I think about leaving, I think what do I want to leave? Is it a very profitable business, or is it leaving it to someone who cares?”

“ My immediate priority is that my clients are absolutely taken care of the way I would. My next priority is money. Of course I want money. I worked hard to build this.”

“ I’ve invested too much into it to not walk away with something to show for it.”

“ Our best-case scenario now is to sell the business and recoup something from our investment rather than continuing to put more money into it. Ideally, we’d like to see the business succeed in the hands of someone else.”

“ My plan is to sell after a couple of profitable years, to sell when the profit is as high as possible. I’m cleaning up the books, and from what I’ve read online, I know the time is near, but I’m unsure exactly when. I feel conflicted—if I’m making a lot of money, I don’t want to sell, but to sell, I need to be making money.”

“How much is a buyer willing to pay for a business? What can I do to make a buyer more interested in my business? ... I'd like to know what makes my business more valuable.”

“As long as the buyer is a good person and has a plan, that's important. I don't want to sell to a giant private equity firm; I'd rather sell to an individual who will keep the business going... If private equity offers twice as much as anyone else, it's tempting. But in the big picture, I've heard stories of firms taking over companies like mine, swapping leadership, moving headquarters, and it doesn't work.”

“My plan is to retain 25% of the company's shares, which will provide the residual income I need to support my kids.”

“In terms of buyers, I don't think it matters who I sell to, but I'd probably get more money from a company than an individual.”

“I sold... to individual businesses rather than a large hedge fund... I could've made more money selling to them... but I didn't want to be involved in that. It's not a good situation for the [business] or for the [customers]. I considered it but turned it down.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“Selling provides financial liquidity and also helps me secure my family's future.”

“Selling the business offers the financial means to retire comfortably.”

“The reason to consider this option is to ensure continued financial gain through business profits.”

“Selling a business to another business often yields a higher valuation than an internal transfer.”

Corresponding Survey Findings:

In the survey, 20% of business owners cited providing for their family financially and 17% cited funding their retirement or next step as their highest priority goal when thinking about succession planning. On average, owners prioritized the business' legacy and continuity over these financial concerns (Q29). 99% reported being confident they will be financially secure in retirement (Q35).

BUSINESS OPPORTUNITY

Some owners worry about what will happen to their business when they step away

Most owners were heavily involved in their business. Some were concerned about whether new leadership would be capable of running the business to their standards after they exit. While some were hesitant to give up control, others viewed it as an opportunity to revitalize the business.

QUOTES FROM INTERVIEWS

“I’d never delegate management to someone else unless I was confident they could do it as well as I do. I’ve been working in this business since I was a kid, and I know it inside and out. If I found someone who could truly do it better, I’d be open to the idea, but I haven’t come across anyone yet. If it came to that, I’d rather just close the business. I wouldn’t be able to sleep well knowing someone else was managing my property without my oversight.”

“One of the biggest reasons that I stay in the business is because there’s a lot of people that... I wouldn’t trust.”

“Maybe it’s my own lack of confidence holding me back—they’re very confident in the plan, and maybe I should be too. I just want a clear plan laid out for what will happen once I’m no longer carrying most of the weight... My business is definitely not ready for me to leave yet. I don’t think it would sustain itself for more than two years before the clients would start leaving.”

“The fear of the unknown and anxiety, and worry because you don’t know what the person will do until it happens. It’s not the worst thing, but change is coming.”

“[The buyer] and I have a lot of conversation on his vision... He needs me right now—until he finds someday that he doesn’t or finds someone better and we can do less time and hours like we planned—but now he needs me, which is nice.”

“I would have to stay on board for a while to make sure everything is transitioned successfully. I am the business—not cocky, just the truth.”

“I always made it so if someone walks in here and takes over they would have a very good blueprint of where to go.”

“I’m probably the least important person in the company. If I don’t show up, nothing stops, so a new owner could absolutely step in.”

“The business manager I deal with, he was saying you could keep your foot in the pool and still have control, still have a say. Actually it’d end up being somewhere I’d have just enough leverage to say “no, we’re not doing this.” But to me that’s not retirement. I’m not looking to be battling with somebody over decisions to be made. If I’m going to retire, I’m going to retire.”

“I’m just tired of making the decisions and I’m comfortable to see if someone else can take a shot at what we do.”

“Once it’s out of my hands, I don’t have a right to an opinion. Honestly, I’d want to sell it to someone who’ll take care of it. It’s like your kid going to college—still your kid, but they’re an adult now. With a business, it’s more extreme; my kid will always be my kid, but my business won’t be mine anymore. Whatever the new owner does, I’m not too concerned.”

“ I think just seeing it continue to thrive, and me not being a factor in it would make me so happy. It would feel weird, but it also be great.”

“ We believe the business has potential—that’s our main selling point. There’s a lot of opportunity for growth; we just don’t have the resources to keep funding it ourselves.”

“ We have a strong customer base, and I believe that if a larger company took over, they could do even better with the resources and scale they bring to the table.”

“ We are already seeing some of the exciting things he is putting into place... He will become the majority owner pretty quick. We are already on that positive trajectory of a transition.”

“ I didn’t see a way financially to grow the business without bringing on someone who could help... I knew [he] would increase our business and make it more streamlined.”

“ I’m a little wiser and a little older, not as young as I used to be, but at the end of the day, I’m smarter about how to do the business. And if we’re going to grow, I definitely want to step back.”

“ At first, employees might be apprehensive about a merger. You never know how the culture will shift, and that uncertainty can be unsettling. However, I believe it would ultimately provide them with more stability and security than we’re currently able to offer. The key would be choosing the right company to merge with, as it’s critical to ensure we pass the business to someone who aligns with our values.”

“ I’m not as stressed or worried as I was. We have a good plan in place and just crossing the t and dotting the i’s.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ I believe that if I sell my business, no one will be able to manage it, and I don’t want to lose what I have built.”

“ I worry about losing control over the operations and outlook of the business.”

“ I think I can make the best decisions for my company that no one else can.”

“ I am worried that my business will fail if someone else handles it without understanding the long term vision.”

“ I want complete information about my company after leaving the company.”

“ Succession planning is an investment in the future of the organization.”

“ A new management team may bring fresh ideas and drive that I can’t provide in the upcoming trendy world.”

“ I want to ensure that the business is in capable hands and that the new buyer brings a fresh vision for its future.”

“ I believe selling is the best option for me since my business is currently operating at a loss.”

Survey Findings:

Among survey respondents, 68% reported they were worried about what would happen to their business when they stepped away (Q31), and 51% expressed that no one else could run their business as well as they do (Q32).

PERSONAL OPPORTUNITY

Business owners viewed exiting as a loss, and also an opportunity

Owners' sense of identity was closely tied to their business. Some expressed anxiety about exiting and adjusting to new routines—though many also looked forward to the opportunity to pursue other interests and reduce stress. Emotional attachment to their business influenced owners' thoughts around continuity, legacy, and new ownership.

QUOTES FROM INTERVIEWS

“They’re scared. It’s their identity and it’s really hard to leave something you’ve worked on your whole life and is making you money. You just think you can keep on going forever. And you’re good at it, so why leave it? You’re good at it, you’re making money, you’re having fun, the workers look up to you, the customers look up to you, the banks look up to you—you’re like a god basically. You’re a successful person, it’s like your whole identity.”

“It’s my life, it’s my identity. And it’s not just walking away from something because I’m overworked, you know, it’s who I am.”

“I have to see myself at some point winding down, because I don’t need to do it, but I like the satisfaction of having something like this to do.”

“It’s horrible. I am not someone who cares for age, but it is the end of an era. Any ending is a transition. It’s hard. Resistance to change is scary.”

“Fear is what comes up when I think of transition. Fear of what happens after. What do I do with myself all day?”

“There’s always an emotional component when you’ve built something and then step away. After going downtown every day for nearly 30 years, it felt strange not to be there anymore.”

“I’ve worked with people here for 15-20 years. All of that won’t go away, but I won’t have the daily interactions anymore. It’s going to be hard.”

“I retired once before... I took 10 months off and went fishing every day, but it got boring after a while. I even traveled. But you need to do something with yourself.”

“We really enjoy the work. We love what we do. But I’m 51 and maybe by when I’m 60 it will be the time when I’ll want to do something else.”

“It was stressful because I was torn between, “I love this place, this is me and what I’ve been doing for 23 years, I like the staff, the camaraderie, what am I going to do—I can’t play golf every day. Yes I can travel and visit grandkids but I can’t do that all the time. Should I leave, should I do it now?” Those are the things I was struggling with.”

“I don’t really want to retire anyway. I like staying busy and doing what I do. That said, I think retirement could be an opportunity for me to grow personally instead of focusing solely on growing the business. I’ve been considering what more I can do for the world.”

“Transitioning away from the professional sector would be maybe a little bit sad or scary, but I’ve got things I want to do... so any angst I feel over leaving my professional career behind is made up for by the excitement I have at pivoting and opening up these new paths.”

“I worked for a long time. I didn’t want to work work work and then get too old to do something after.”

“ When I got to my late 50s, I just realized that my body and my mind, everything was changing. I could not take on the stress levels.”

“ I can't check out ever... I had clients calling me on Thanksgiving morning... That takes its toll on your mental health at some point.”

“ We felt ready for something new and more exciting and didn't want to keep working on something that had become routine and uninspiring. Life is too short to spend your days slogging through work you're no longer passionate about.”

“ I want to take some time, invest in other ventures, do something different, something that's going to refresh my mind. I'm sort of stagnant here... It's sort of ran its course of being fresh. It's now a little stale.”

“ I enjoy both of the jobs I do, and as long as I'm physically capable, I'll keep working. Retirement isn't my goal; it's the stress and financial pressure that weigh on me.”

“ It's a lot of work, often thankless, and I could earn more with less effort working somewhere else. I've stayed in it for the family, but it wouldn't devastate me to leave.”

“ I'm retiring crazy early... If I can get out the door, I'm getting out the door. That's what I'm looking to do. I want to bring my father down to live with me, my daughter's graduating college... I want to enjoy my life a little bit, don't want to be sitting here at 65. I'm looking to enjoy whatever comes.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ I have no interest in handing over the business to someone else because I am too attached to it.”

“ Because I have strong emotional ties to our business, it's difficult for me to sell.”

“ I have an emotional attachment to the business and its legacy, which makes closing it a challenging decision.”

“ The emotional connection with my business motivates me to keep it within the family rather than selling it to an outsider or transferring it to employee ownership.”

“ Closing the business and selling the business feels like erasing years of hard work to me.”

“ From the beginning, closing the business was never an option for me, and it would be deeply painful if it came to that, as I have invested so much of myself in building it.”

“ This gives me the freedom to think independently and work on new ideas and future projects, and reduces the stress associated with handling every aspect of the business.”

“ I want to sell my business because I have more promising business and investment in mind.”

“ Selling frees me from the responsibilities of running a business and gives me good money to enjoy time after retirement.”

Survey Findings:

90% of survey respondents reported that owning their business is an important part of their identity (Q33). 83% of survey respondents reported they would have meaningful ways to spend their time after exiting their business (Q34).

SECTION 5

FINDINGS: LIMITING FACTORS IMPACTING PLANNING

This section reviews factors that impact business owners' ability to effectively plan for their exit. Key takeaways include:

- ▶ **Owners recognize the importance of planning:** Very few owners expressed that planning was unnecessary, and many suggested that all business owners should create a plan.
- ▶ **Owners don't view planning as urgent:** Many owners equated planning with being ready to exit. External factors prompted some to plan and others to delay planning. In hindsight, many said they wished they had started earlier.
- ▶ **Owners want to plan the "right" way:** Owners expressed concern that without the right approach, planning or exiting could have a negative impact.
- ▶ **Planning takes effort, but is not necessarily intimidating:** Owners recognized that planning could be complex and time-consuming, but resources were available if they needed support.

NECESSITY OF PLANNING

Business owners viewed planning as necessary

Very few owners viewed planning as unnecessary for their business. On the contrary, many even voiced that they would advocate the importance of planning to others.

QUOTES FROM INTERVIEWS

“ I’ve been preaching succession to people for 10 years.”

“ Most people in my status ignore it, block it out, they need to be more into it. Those that aren’t, they’re shooting themselves in the foot.”

“ I think a lot of people don’t consider their dreams to be as valuable as they are. They don’t put in the business aspect of it... If only they’d put the business practicality towards the passion, then they could do so much better.”

“ It’s not even an option, it’s a must.”

“ You don’t think of your “later,” if something happens to you... but in business, it’s a rite of passage. It’s something you have to think of pretty quickly.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ Succession planning is crucial for every business owner.”

“ Succession planning is an important part of any business, and an owner should consider it.”

“ It is highly beneficial and necessary for a business owner to plan for their succession.”

“ It’s better to take an exit from the business at the right time and plan its succession because if it is not done properly, it can harm the business badly.”

Corresponding Survey Findings:

Among survey respondents, the vast majority said they were aware of succession planning, and only 3% of owners without a plan reported thinking planning was unnecessary for their business (Q43; Q36). In the survey, 94% of business owners agreed that succession planning would have a positive impact on the future of their business (Q40).

LACK OF URGENCY

Business owners did not view planning as urgent

Many owners equated planning with being ready to exit, and therefore didn't view planning as urgent if they weren't planning to exit soon. External factors (such as the economy, COVID pandemic, and health concerns) also impacted their sense of planning urgency. Many owners wished they had engaged with the planning process earlier.

QUOTES FROM INTERVIEWS

“ There’s no succession plan. When I’m ready, I’ll just call a broker and sell the business.”

“ I'm 69 years old... My exit strategy is I don't want to exit until I'm not able to do this. That's it.”

“ I was busy and didn't have the time to think about it.”

“ We could create a plan right now, but as far as implementing it, I feel there's no rush.”

“ The reason I haven't [started planning] is that... I'm still not in a position to retire because of... health problems and two hurricanes back to back... First, we need to get back to normal before I can seriously consider selling.”

“ Right now, given the ups and downs we've experienced, I feel like succession planning is becoming a more urgent topic. At this point in my life, I'd like more financial stability, so we're thinking about it much more seriously than we did in the past. Leaving the business and planning for that transition is a priority.”

“ I love to plan out ahead. I wish I could 10 years. I would love that. This way, I get all my ducks in a row when the time comes to retire, I don't have no stress on me, because I had everything planned out... It all depends on how things are going to be in 10 years and who the president is... So basically, once I get about two years before I retire, then that's when I have to start really looking at everything.”

“ My goal was always to be self employed, make a ton of money, and retire early... Reality is like wow I have kids, I have college, a house, I have bills, I can't retire early. Now the kids are gone, the bills are done and it's me and my wife again... I'm getting tired, what's my future look like?”

“ I'm always planning ahead now, learned a lot of lessons during COVID.”

“ My dad was diagnosed with cancer eight years ago and hasn't been able to work since... It's made me start to consider the timeline for my own exit.”

“ I got really nervous, because all I can think is like, Oh my God, my family doesn't have a clue what I do. They can never step in my shoes and do this if I drop dead today, tomorrow. This company is screwed, and the people that work for me, they're screwed... That's how I started to see things and say, Okay, I got to make sure that it still runs even if I'm not here.”

“ I'm getting a bit worried because you know the long term comes really quickly.”

“ Most people don't think about it. They think they'll live forever. By the time they start thinking about succession, it's really too late because they've gotten older, the sales have dropped, the company is no longer as attractive. They want people to stay 5 years to help run it. If you're 65, that's much harder. If you convince someone who's at peak at 59, they'll have the strength, health, vigor to stay on 5 more years.”

“ We love what we do. But it came to a point where we need to think about what we’ll do when it comes time to sell the office. And we looked at data and settled on 6-9 years. And we’re constantly trying to think “what will we do when we sell the practice?””

“ The pandemic created a perfect storm for us to make a change. We had everything lined up—the “ducks in a row”—and we realized it was the right time to sell. We felt ready for something new.”

“ Make sure that it stays healthy and is profitable so it can sell... Keep it very streamlined so when the time comes, someone can get their hands around and not be too intimidated... I always made it so if someone walks in here and takes over they would have a very good blueprint of where to go.”

“ I said, I’m young, and they said, you need it in place... I wish I would have been exposed to a little earlier... It would have been nice to know all of this stuff in the beginning... Now, looking back on what I know, it’s a must, it’s not even an option, it’s a must.”

“ Nothing lasts forever, and as a business owner, you can’t rely on just one thing. You need to diversify and have other ventures lined up because you never know when circumstances will change.”

“ Rarely do I hear [other businesses] talk about the longevity of their company or what will happen when they step away. If I bring up retirement, it often makes people defensive, as if they’re planning to live forever. They assume their kids will take over, not realizing their kids might have no interest in running the business and will just sit back and collect money. I’ve seen some of these guys in their 60s, clinging to control without a plan, and it’s clear they haven’t thought through the consequences. Businesses need an “out plan,” but not many have one.”

“ I would tell [other business owners] to start thinking about this in the back of the mind when you start your business and then really start thinking about it like 5 years in too. It depends on if you start it in your 20s or your 50s because there’s a point where time is not on your side. 5 years to me is a good time to put a plan in place.”

“ Businesses should have not only a business plan, but a succession plan in the beginning. You have to prepare for growth... You literally have to plan, before you get to the end, what the end would look like. I didn’t do that in the beginning, and most business owners don’t... You have to project as if you’re already there, and that succession plan should change over time.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ Due to health concern I wish to sell my business to other business owner.”

“ Succession planning is meant as an investment in the future of the organization that prepares the organization for a sudden leadership change due to a crisis or emergency.”

“ Continuously assessing and updating the succession plan to align with organizational goals and changes in the workforce.”

Corresponding Survey Findings:

63% of survey respondents without a specific or detailed plan thought it was too early — the most common response when asked what had stopped them from creating a plan (Q36). 80% thought that owners should wait to plan until they feel ready to exit (Q22). 43% said they were too busy running their business (Q36).

POTENTIAL NEGATIVE IMPACT

Business owners wanted to plan the "right" way to avoid downsides

Owners wanted to approach planning in the "right" way for their business and the people involved, which requires managing relationships with family members, employees, customers, business partners, and vendors. Owners expressed concern that doing it the "wrong" way could negatively impact relationships or destabilize the business.

QUOTES FROM INTERVIEWS

“How do I know that it's not going to hurt the business... I don't want to put the business in a bind.”

“I'm definitely not at that place of just like walking out, and I would like to do it well.”

“It's just about timing—making sure the transition doesn't hurt anyone and ensuring we exit the right way.”

“I spoke with my junior partners about what to do, and they expressed their desire to take over. Given how much they've supported me over the years, I don't want them to incur debt just to buy me out. They're more likely to succeed without that financial burden.”

“I'd also talk to my family to ensure everyone's on the same page and no one's feelings are hurt. Once we're aligned, I'd start evaluating inventory and drawing it down.”

“Getting the other parties to relax and talk about this was challenging. People get stressed over money. Even your kids, they worry they might be getting taken advantage of.”

“My colleagues, I still want them to continue doing dentistry because they're younger so I don't even want to mention the word retirement.”

“To transition, I've been including [my partner] in signatures. Including her in emails. Do I get some resistance? Of course—very fickle and high-end clients. They don't know her. She is not me.”

“Because our business involved multiple retail locations with different landlords, we had to ensure they were comfortable with the new buyer. This required introductions, negotiations, and approvals. Some of these relationships were personality-driven, so we had to help the buyer understand how to manage each dynamic.”

“I have people who shopped from day one and became friends. No one likes change, I don't think they would really like it but I think that if our quality kept going they would stay with our company.”

“Saying the company's up for sale... It causes disturbance within the workforce, within the company, where people want to leave... People jump ship in a heartbeat. I mean, if they hear one thing, and it's the truth, they'll leave today.”

“At first, employees might be apprehensive about a merger. You never know how the culture will shift, and that uncertainty can be unsettling. However, I believe it would ultimately provide them with more stability and security than we're currently able to offer. The key would be choosing the right company to merge with, as it's critical to ensure we pass the business to someone who aligns with our values.”

“ My biggest concern is my staff, how to tell 25-30 people I’m selling you off to someone else. It’s a big concern. If it was strictly business, just me, it wouldn’t be a concern, but it’s not just me.”

“ Everybody’s joyful about it, because they’re kind of like you’ve earned it, go do it, why not?”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ I chose to keep the business running to protect jobs for employees and maintain relationships, rather than selling or closing it.”

“ I have seen the consequences of businesses failing after being acquired by inappropriate buyers.”

“ I’m not considering passing ownership to family because I’m worried about potential perceptions of inequality among family members.”

“ I think that succession planning helps clarify the future vision and makes it easier to navigate.”

“ Succession planning is a process that minimizes risk and disruption and ensures business continuity in the event of an unexpected departure.”

“ It can be highly beneficial if done correctly and thoroughly evaluated.”

“ Succession planning is effective when done correctly and in a timely manner.”

“ One of my thoughts about succession planning is that it fosters trust among stakeholders, investors and customers by demonstrating that the organization is ready for the future.”

“ Early succession planning helps prevent conflicts within the family and address any concerns regarding business ownership.”

Corresponding Survey Findings:

Among survey respondents without a plan, 24% cited concern that planning could negatively impact their business and 16% cited concern it could lead to conflict or stress within their family as factors stopping them from planning (Q36). However, 94% of survey respondents agreed that succession planning would have a positive impact on the future of their business (Q40).

PROCESS COMPLEXITY

Business owners viewed planning as complex, but most were not intimidated

Owners viewed succession planning as a complex and time- and effort-intensive process, though not necessarily intimidating. Owners had a wide range of familiarity with the process, but most felt confident they could turn to advisors for support navigating the process.

QUOTES FROM INTERVIEWS

“There’s so much that has to go right to get where you want to get. There’s a lot of planning. There’s a lot you have to do.”

“For me to sell this business, it would be an enormous burden on somebody to to go through it, for them to actually go audit the business to find out... what the value of all the equipment is... I’ve got into it incrementally, and I don’t think there’s a way to get out of it incrementally. So that’s why I’m still in it.”

“I don’t think it’s gonna be a fast process... I don’t think my life is going to look differently in two years. I think it’s going to be, there’s a process in place for it to start looking differently in two years.”

“Every time I’ve tried to go through a bank, it’s always been a long process. They needed the tax returns for 8 different practices, and it was a very hard process.”

“It seems complicated, and I’m not really sure where to begin, or to ensure that it’s going to be fairly assessed.”

“I didn’t know what a succession plan was... I would take the time to just do the research and read and look at YouTube videos... It was really tough. So it was hours and days and weeks... I was just grasping at straws, trying to learn it all.”

“Once I figure it out... it’ll be fine.”

“At the end this is almost like 1+1. It’s not that complicated.”

“I feel zero confidence. I really don’t know. I would probably talk to my attorney first and ask for his opinion... I think a lot of it comes down to the value... If it’s \$10 you can give me a \$10 bill and we’d be done. If it’s a significant number, which it will be, it’s not as easy as just saying, “Here’s my two week notice.”

“The most daunting to me would be... I think I have a great business and so do my customers but when the time comes, would someone want to buy it? Because that’s the measure you were successful.”

“I would say most of the time it has been exciting ride... On the other side, I have a lot of sleepless nights worrying about the money, the financing, has [buyer] got the backing he says he has.”

“This process takes a little longer than sitting down with somebody to work out a deal. That is stressful—there’s a lot of decisions to think through. I did it over a couple of months and it made the transition easy.”

“Talked to my kids about it. Then I talked to an attorney... So easy, one page... Beyond my pay grade to understand how the trust works but they worked it out.”

“If I call a broker, they’ll guide me through what to do.”

“There are some pretty talented people out there who know how to transition businesses and know all the steps and can make it easier a transition instead of trying to figure out stuff on your own and hitting roadblocks.”

“It’s going to come down to numbers and whether the value of the business is transferable, which I have the people in place to help me with all that.”

“I don’t think the process of selling or closing the business would be very complicated... Before moving forward, I’d do my homework... I’d likely seek advice from someone knowledgeable about selling businesses, though I don’t currently have anyone specific in mind. Talking to successful friends for pointers would also be a good starting point.”

“Selling a business is like selling a product—you need to present clear proof of its value. Beyond valuation, there were legal aspects, negotiations, and agreements to ensure a smooth transfer. Unlike a turnkey sale where you leave and everything becomes the buyer’s responsibility, this was more complex and took time to finalize.”

“Buyers would likely start by requesting all our reports, including balance sheets, customer contacts, details of the jobs we handle, and specifics about how we’d prefer to structure the sale.”

“I would plan my exit strategy and find a seller, go to my accountants to see what it’s worth, advertise, find a buyer. I would love to have a 12 month out strategy.”

“I don’t know if “planning” is the right word; I’m just gathering information—what I’ll need when I’m ready. I know it will happen, but for now, I’m reading online blogs and Reddit to learn how others have done it. I’ve also spoken to two colleagues who sold their businesses. It’s not exactly the same but a similar sort of situation.”

“The big question is how to handle taxes. If I were to sell all the buildings, what would the tax implications be? Should I do it gradually over time? Could I write any of it off? These are the kinds of details I’d need to figure out to avoid costly mistakes. My cousin, who recently closed his business, seems happy with how it went, so I’d likely talk to him for advice. However, our operation is larger and more complex, so I’d need to adapt his approach to fit our needs.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“I don’t know much about it; I only have a basic understanding.”

“I don’t have a clear picture of succession planning in my mind right now.”

“These are some of the options I would like to consider when I take an exit from the business. I’m not sure about exactly what I should do but they seem pretty feasible right now.”

Survey Findings:

Survey respondents overwhelmingly agreed that succession planning requires time and effort, but very few cited lack of knowledge about the process or difficulty of the process as a barrier (Q38; Q36). Most stated they understand the process and they know where to go for information (Q41-42).

EXTERNAL FACTORS

External factors impacted owners' decisions about planning

A number of owners cited external factors (such as economic and political changes, regulation, natural disasters, etc.) as having an impact on succession planning—either delaying or prompting them to plan, or impacting their decisions about when and how to exit.

QUOTES FROM INTERVIEWS

“ I’m also navigating challenges tied to the broader economic and political climate. With a new presidency, there’s uncertainty... That uncertainty makes planning even more complex.”

“ The recent hurricane hit us hard... First, we need to get back to normal before I can seriously consider selling. Hopefully, the timing will align with an improving economy.”

“ We’ve been going through a lot of challenges. The cost of doing business has tripled with COVID, but our income hasn’t changed. This year for the first time in 20 years we may lose money. These challenges put us in a position of reorganizing, looking at our business with a magnifying glass and reevaluating the process.”

“ It’s also gonna be influenced by the market, the economy, when it’s the right point to sell.”

“ A lot of this depends on government regulations. With more regulations, the business becomes less profitable. There’s a balance between making a living and dealing with day-to-day stress. The older I get, the less tolerant I am of stress. I don’t have a specific moment in mind, but I’ll know it when it’s time. I haven’t reached the turning point yet, but when I do, I’ll feel it.”

“ Another major factor was the realization of how vulnerable a business can be to external forces. When the pandemic hit, the government mandated shutdowns without discussion, and we were told to close and couldn’t reopen. That was a frightening experience.”

“ We sold it because of the market. The market had gotten ruined by certain players in the market... The marketplace got kind of dirty, and I didn’t want to deal with it.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ Evaluating market trends can inform better succession strategies.”

“ Continuously evaluate and revise succession plans to align with evolving business requirements and market dynamics.”

Survey Findings:

In the survey, only about 10% of respondents cited market conditions as a determining factor in succession planning timing (Q22-23).

SECTION 6

FINDINGS: EXIT OPTIONS

This section explores business owners' perceptions of different exit options.

Key takeaways include:

- ▶ **Many owners are considering selling and focused on finding the right buyer:** Owners sought a buyer with the right skillset and values. Many hoped to leverage existing relationships to find a buyer; owners had mixed views on business brokers.
- ▶ **Realistic views on family transfer:** Many owners wished to pass the business down to a family member, but some questioned whether a family member would be interested.
- ▶ **Interest in gradual transitions:** Some owners wished to maintain a financial or decision-making stake in the business, and others hoped to exit gradually.
- ▶ **Less commonly considered options:** Few were considering employee ownership or closing the business.

SELLING THE BUSINESS

Many owners' top choice, if they can find the "right" buyer

Many owners were considering selling their business. They emphasized the importance of finding a buyer that would be a good fit for the business and its values. To find the right buyer, many intended to search through existing relationships or industry networks. Many were interested in using a business broker, though some expressed hesitations.

QUOTES FROM INTERVIEWS

“ I would have to make sure [whoever bought it is] a good fit... Personality, the love of this business, the knowledge of the business.”

“ I chose this particular team because they were the strongest and had the most to offer. I felt it instinctively... Someone I get along with, someone who has the same type of views and inspirations. This guy I saw, I felt instinctively I like him, want to learn from him, be able to replicate in some way some of the things he's done and he will do.”

“ Part of the reason I am looking at my partner is because I know she is loyal, honorable, and will pay what she is due.”

“ At that point I was sold on his tech and his skillset and he has demonstrated what he did to the other companies, so when we started talking about him doing something like this, I didn't need anything else.”

“ There is someone I know who might be interested in buying the business—I'd sell to him in a heartbeat. Selling to a stranger, however, feels less appealing, though I'd explore that option eventually.”

“ I've never really gone through the process of selling a practice. I think number one is get an evaluation—an understanding of what this is worth. Number two is talking to people, friends, it could be an option talking to young dentists who were good to you and you want to help. Or maybe a new dentist.”

“ I know people who'd want to buy today... in my industry... I've talked to some people, not saying I would do it, but what would you think about me doing it.”

“ I have multiple individuals I could sell my business very easily to. Not my employees, people I work with across the nation.”

“ Through your years in business you have a lot contacts. There might be somebody out there who would want to buy it, friends, etc. But if there wasn't I would advertise it specifically in the industry, not in mass. And my attorney would help too.”

“ I would probably put it out there that we're going to sell the business... I would just have to assess everything that I have, put it out to the industry, if they were interested.”

“ They understand how my mind works... From day one, they'll be able to pick up and just go, it won't be convoluted for them.”

“ The staff would know if the owner isn't really involved. All the little things we do come from being like a family. If a big company takes over, the employees might feel like they're just one of ten million, and they won't care. I'd really prefer that doesn't happen. My preference is for an individual owner who would be more likely to maintain that personal touch.”

“ We have a strong customer base, and I believe that if a larger company took over, they could do even better with the resources and scale they bring to the table.”

“ Selling a business isn't like selling a home where you simply fix it up and sell it. There's so much involved—figuring out how to value it, determining the best buyer, and ensuring a smooth transition. This is where a broker could be invaluable. They would have the expertise to assess the value, especially if selling to another company.”

“ It's good to have that middleman to make sure that what happens is professional and the right way. If I'm going to buy a car, I'll go to a dealership right? I don't know that much about a car and it's tedious to find someone and trust what they say so we go to the dealer.”

“ The big one is whether they know my industry. If they do, they can give me rock-solid advice... A broker that knows my industry is absolutely key.”

“ I'd like a broker who specializes in my industry so they can be more helpful.”

“ It's tricky, it's not super easy, it takes time and thought. If we were to seek a broker, hard to know what broker to seek—it's a specialized industry.”

“ I didn't like the broker part. All they did was market, they didn't know much of the business. To pay them 10%, 150k, was ridiculous.”

“ We are using a business broker. My brother and I could sell it but they know the business... Business brokers are worth every penny they charge.”

“ At the time I was not doing more than 5 million a year, so the bigger broker did not look at us, but the secondary market was interested.”

“ Met with a guy and did some numbers and calculations... I felt his fee was super high for what I was getting, so I kind of paused at that moment. In doing so I get solicited several times a week about people wanting to buy [or] sell the business and I reached out and asked them and they all said the same thing: because you are not big enough you might think about selling it on your own.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ I believe my business would be best protected in the hands of someone I trust rather than selling it to an new owner or firm.”

“ Another business owner knows the details of the business so they can grow the business very well.”

“ For the past few years, I have observed that there is no one in my family left to take care of my business in the future, as everyone has their own responsibilities and jobs and will not be able to continue it. Therefore, I have decided to sell it to one of the business owners I know.”

Survey Findings:

In the survey, 17% of owners reported that selling the business to an individual or another business owner was their preferred exit option; only 2% preferred selling to a private equity firm (Q50). Among 21 survey respondents who had already identified a buyer for their business, 67% found the buyer through a broker, 19% sold to another business they knew, and 14% sold to their current business partner(s) (Q53). Among 31 survey respondents who expected to sell their business but had not yet found a buyer, 81% planned to approach businesses they knew, 29% planned to ask their current partner(s), 19% planned to work with a broker, and 13% planned to ask employees if they were interested in buying the business (Q54).

TRANSFERRING OWNERSHIP TO A FAMILY MEMBER

Many owners' preferred exit option, but not always realistic

Transferring ownership to a family member was a commonly considered option for owners. A few already had specific plans to do so. Others stated it would be their ideal scenario, but they may not have a family member interested in taking over.

QUOTES FROM INTERVIEWS

“ I talk to all my kids every single day. If they wanted to transition now, we could do it. I'll talk to them at Christmas to see if they want me to stick around some more.”

“ The first thing I'd do is talk to my daughter... and a couple other people that I know would enjoy and be good at it.”

“ Then my son says he wants to be a dentist and suddenly things change. Now maybe it's not about 6-9 years anymore, so things change.”

“ I have a family member that I think would be a good candidate, but what I do is not right for everybody... She'd be good at what I do, but she probably only likes a portion of what I do. So then it's like, you know, which deck of cards do I give her? What do I do with the other cards?”

“ In a perfect world, my 2 sons would take over, but that's probably not going to happen... I want them to understand that someday they can sell the business and make money. I guess it's more mom to son conversations, not business owner to business owner. They're in their twenties, so they want to do their own thing, but I'm hoping they'll come around.”

“ If keeping the business in the family were possible, I'd love to see that happen. There aren't many businesses that last six generations, and that's something special. However, I also recognize that everything comes to an end at some point.”

“ Some have suggested I pass the business to one of my kids, but that's not an option. My kids have chosen their own paths. They're happy in their careers and aren't interested in taking over... I respect that we're on different paths.”

“ My dream had always been to pass the business on to family, but our daughters aren't interested. Back in 2014, my daughter and her husband seemed interested—they even started working with us. She came in as a higher-level admin, and he showed interest in taking over. However, after about a year, they decided it wasn't what they wanted to do.”

“ If I bring up retirement, it often makes people defensive, as if they're planning to live forever. They assume their kids will take over, not realizing their kids might have no interest in running the business and will just sit back and collect money. I've seen some of these guys in their 60s, clinging to control without a plan, and it's clear they haven't thought through the consequences. Businesses need an "out plan," but not many have one.”

“ If I decided to pass the business to a family member, I don't think it would be overly complicated. I would guide them through what I do and how I run the business. I'd also want to set up an arrangement to receive a percentage of the profits each year for a set number of years since I'd likely need to assist them during the transition.”

“The only person I need to involve on a family or friend deal is my college roommate, who's an attorney... If it's a business broker, nothing... He's making a fee. He can hire the attorney, he can hire the bookkeeper, or whatever else is required. So I just do much more if it was a family and friends deal.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“Transferring ownership to a family member can help prevent the business from falling into the wrong hands and protect the interests of everyone involved.”

“My family members understand how important the business is to me, and they also know my vision for the future of the company.”

“I feel stronger trust in family members than in outsiders.”

“I am not sure how others will manage the company and value my experienced employees, so I think my family will do the right thing for the company and employees.”

“Family members know a lot about the business including how it works, its values and how to deal with customers. This can make the process of taking over the business much easier.”

“It is important to me that my business continues from generation to generation, so I want my family to take it forward.”

“I want to transfer my business to my son to create generational wealth and ensure stability for my family.”

“I want to keep the profits within the family rather than dividing them.”

“A family transfer is less legally complex than a sale to a third party, and there is often a sense of pride in preserving a family-owned business.”

Survey Findings:

In the survey, 54% of owners reported that transferring ownership to a family member was their preferred exit option. This was the most commonly preferred exit option (Q50).

MAINTAINING OWNERSHIP

A middle option that appealed to many owners

Many owners were interested in remaining involved in their business, as a way to maintain a source of income for themselves or their family, ensure a smooth transition for their business, or scale back their involvement without fully exiting.

QUOTES FROM INTERVIEWS

“ I would say there are two stages. An exit strategy, where someone says you can be the owner of your business, but they will run everything for you, even if you still own it. Then there’s the option of selling it and retirement.”

“ Ownership will still be there. I’m not selling. I’m just, I want to do something else. And I don’t want to be the boss for too much longer.”

“ Right now I’m saying I’m looking to get out. Maybe I get out and then I think I want to get back in. So one of the options was doing a breakdown over a period of time, so if I change my mind, I can come back to the game. I’m not going to be the star player, but I’m going to be in the game and participating. Maybe I’m thinking I want to be done with this, but maybe I don’t want to be done with it, maybe do less of it, but not be done with it.”

“ My plan has been to merge it with another company and they can keep me on during the transition so I can retain some ownership to secure my extra retirement fund, or sell it outright and stick around for the transition which could be 6 months to 2 years. Those are the two scenarios I’ve been looking at.”

“ My plan is to retain 25% of the company’s shares, which will provide the residual income I need to support my kids. As the company grows more profitable, that 25% will also increase in value.”

“ I want to continue to fund my retirement. Over 20 years I’ve pulled money aside, but not nearly enough to live comfortably without social security, so part of my plan with the transition was to have it somehow generate revenue for me... Still have a piece of the business, generate a monthly revenue, a bonus, something beyond the board and always be a resource for [the new owner]. That was my main focus with getting out.”

“ The goal for this is for this place to run forever. We built something, have a great history and reputation. I don’t want to see it die, I want to see it grow with me not in it but still receiving some sort of funding from it. Maybe some sort of retirement.”

“ He’s going to take over the firm, a nominal amount of money, the debt. I’ll retain 5-10%, stick around for sometime. He says you can leave when you are 65, and you don’t have to work everyday like you are doing.”

“ Not taking my finger off of it quite yet. I’m still involved, but my background is managing businesses and business side of business. [The new buyer] has never worked with financials... He needs me right now, until he finds someday that he doesn’t or finds someone better, and we can do less time and hours like we planned. But now he needs me, which is nice.”

“ I wouldn’t mind leaving ownership and still working, if I could control my schedule.”

“ I’m not planning to stop entirely, but I’m prepared to let certain parts of the business taper off.”

“ I’d never delegate management to someone else unless I was confident they could do it as well as I do. I’ve been working in this business since I was a kid, and I know it inside and out. If I found someone who could truly do it better, I’d be open to the idea, but I haven’t come across anyone yet. If it came to that, I’d rather just close the business. I wouldn’t be able to sleep well knowing someone else was managing my property without my oversight”.

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ This method serves as a gradual change strategy, enabling the owner to step back while maintaining interest in the business.”

“ This approach is effective in preserving the company's core values without requiring me to personally manage every detail.”

“ If I keep owning the business I can still make the big decisions while other people take care of the daily tasks.”

“ I will choose to maintain ownership of the business while delegating daily management to someone else, that will allow me to focus on areas where I excel.”

Survey Findings:

In the survey, 22% of owners indicated the exit option they were most likely to pursue was maintaining ownership and having someone else manage or run the business (Q50). When these business owners were asked to choose an option that involved giving up ownership, 68% did not know what option they would pursue (Q51).

TRANSFERRING THE BUSINESS TO EMPLOYEES

Not a widely considered choice

Transferring ownership to some or all employees was not a commonly considered option; some owners expressed interest and some expressed reservations about the idea.

QUOTES FROM INTERVIEWS

“ I spoke with my junior partners about what to do, and they expressed their desire to take over. Given how much they’ve supported me over the years, I don’t want them to incur debt just to buy me out. They’re more likely to succeed without that financial burden... I want the transition to happen without putting debt on the employees.”

“ Selling to employees could be an option—I’d be open to selling to my assistant manager if he were interested. However, he doesn’t seem like the type to want the level of stress that comes with running this business... It’s not for everyone.”

“ Our employees were skilled in their roles but weren’t prepared to run a business of that size. None of them showed any interest, and many were relieved they didn’t have to consider buying the business. Most of our team consisted of young people on their way to other opportunities, so they weren’t ready for something this big.”

“ They would be far from knowledgeable enough. You can’t take the fry cook and say hey, I’m going to make you manager tomorrow. Your business is going belly-up, guaranteed.”

“ Some of our vendors are employee-owned, and I think that’s a fantastic model. However, we’ve never had the type of employees who would be interested or able to take on that responsibility. There is one employee who I think might be interested, but she would need some support... Would have been a great fit under the company we were considering selling to. In that scenario, she could have become the CEO without owning the business, which would have been ideal. However, I’m not sure if she could handle running the business entirely on her own. It’s a demanding role that requires wearing many hats, and while she knows the ins and outs of the operation as our right hand, the overall skillset required is a lot.”

“ We sold in an ESOP, and that was stupid... You just leave so much money on the table with ESOP. Paperwork was a mess. I was just out of law school. I’m sure it was great for someone who doesn’t have heirs or a trusted employer, but otherwise, it is very difficult.”

QUOTES FROM SURVEY OPEN RESPONSE QUESTIONS

“ Owning part of a business makes employees feel more responsible and they might be more likely to come up with new ideas and ways to do things better.”

Survey Findings:

Among survey respondents, 5% indicated that transferring ownership to some or all employees was the exit option they were most likely to pursue (Q50).

CLOSING THE BUSINESS

An option business owners hoped to avoid

Most owners viewed closing the business as a last resort. Only a few acknowledged it as a possibility.

QUOTES FROM INTERVIEWS

“There’s no closing anything down. There’s no closing down. It’s like saying I have 20 years... and going to throw it out the window.”

“Of course there’s shutting it off, but that’s not a real option.”

“When you build a business and put your heart and soul into it, the thought of seeing it just fold is heartbreaking. I want to ensure its legacy continues.”

“I can’t think of many other options besides selling or closing. I’m not in a rush to leave personally, but burning it all down isn’t exactly appealing.”

“If all else fails and I wasn’t able to find anyone, I don’t want to say the business would dissolve but I would say once I start losing money I would start to scale back.”

“If selling the business doesn’t work out, the next option would be to close it and move on... I’ve come to terms with this possibility and would be okay with exiting the business if it comes to that. It might simply be time to move on to a new chapter.”

“I don’t have strong feelings about selling versus shutting the business down. Either way, the result is the same—it’s gone. I’d be open to either option, depending on what makes the most sense for the business and my employees. I don’t want to leave my employees high and dry; I’d want to help transition them to something else, possibly retirement.”

“I would probably put it out there that we’re going to sell the business... put it out to the industry, if they were interested. If they’re not, then I would liquidate it. And I think I would do very well liquidating actually.”

Survey Findings:

Among survey respondents, 2% indicated they would consider closing the business; 0% selected this as the option they would most likely pursue (Q49-50).

