

T R A N S I T I O N



WHERE DO YOU WANT TO
GO WITH YOUR BUSINESS
DO YOU HAVE A PLAN?

DO YOU HAVE A BUSINESS TRANSITION PLAN?

FABASA
Newsletter

DEFINING BUSINESS TRANSITION

Is Business Transition Succession Planning?

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Simply speaking, Business Transition is the transition, or transfer, of your business to new owner/s.

More comprehensively, Business Transition is a PLAN (preferably a detailed written document)

THAT OUTLINES:

How and when the ownership of a business will be transferred to another/ others, either:
internally, to family members or key employees,

OR:

Externally, to a third party

IN ORDER TO:

Achieve the current owner's goals in the most tax-efficient manner possible.

Business Transition & Succession Planning

The wording *Business Transition & Succession Planning* is used interchangeably in the marketplace. Business Transition & Succession Planning is similar but can also be different.

Succession Planning may simply mean the transfer of leadership OR management. Many companies and other institutions have to prepare successors for future leadership & management roles. Sometimes this process is referred to as transitional leadership.

However, as soon as OWNERSHIP is transferred, we move from the field of mere Succession Planning to Business Transition.

NOTE:

In the Family Owned Business Sector, *Succession & Business Transition* is normally the same process simply because the current owner-manager is preparing successors, normally amongst family members, to not only become the future management/leaders (successors), but also the future owners, of the family owned business.

For this reason may scholars define Succession Planning in a family owned business as: *The transfer of management and ownership from the current generation to the next (incoming) generation*

