

## **A Checklist of Company and Industry Information for Succession Planning**

### **Company Description**

What are the company's products and services?

How, when, and where are the products made and the services rendered?

What information is available for assessing the company's position in the industry?

Are marketing studies available?

What is the number of employees?

### **Management Information**

What is the organizational structure of the business?

Is a management information system in place?

### **Financial Information**

What are the company's sources and amounts of capital?

What are the annual gross sales of the company?

What is the value of the business?

Are financial statements for the current and previous years available?

Have forecasts and projections been developed?

Are comparative industry statistics available?

What documents describe the pension or profit-sharing plans?

Are copies of loan agreements and related covenants available?

What pertinent written agreements of any other type, including union contracts, are available?

### **Personnel Policies**

How are key employees and family members compensated?

How frequently are reviews conducted?

Are performance evaluations of key employees and family members available?

Are there existing employee contracts?

## **A Checklist of Family Information for Succession Planning**

Who are the family members currently involved in operating the business?

What are their job descriptions?

How are they compensated?

Which family members are not involved in operating the business? What businesses are they in?  
What business and educational experience do they have?

Do any family members who are not involved in operating the business have an ownership interest in the business?

What are the relationships of the people who are going to stay in the business?

Are any family members in the business qualified to be president or managers? What is the basis for the determination?

Can the family member who is selling the business retire when and in the manner desired if family succession is chosen rather than outside sale?

Have any promises to or agreements with family members and key employees been made?

Will key employees stay if the business passes to a family member?

What current or potential conflicts exist among family members?

Is the family willing to openly discuss the options available?

What are the withdrawing members' plans for involvement with the business after the transfer of ownership?

Are all family members willing to sell their interests?

## **A Checklist of Key Employee Information for Succession Planning**

Who are the key employees within the organization?

Which key employees will stay if the business is sold to outsiders?

In the owner's opinion, which key employees have the expertise to run the business?

Are any key employees interested in owning the business?

What are the advantages of selling to key employees over selling to or merging with an outside party?

What are the disadvantages of selling to a specific employee or group of employees? (Consider each employee or group separately.)

Do the employees have the resources to buy the business or arrange a deal to buy? (Consider each employee or group separately.)

What current or potential conflicts exist among key employees?

## **A Checklist of ESOP Information for Succession Planning**

Are the company's assets and current income sufficient to repay ESOP debt?

Can the company afford to purchase stock from employees at current market value in the short- and long-term?

Are the buyers and sellers aware of the administration and general business problems associated with ESOPs?

Will the employees support an ESOP plan?

## **A Checklist of Outside Sale or Merger Information for Succession Planning**

Does the client need assistance in locating an outside party?

What is the value of the business?

Is the business salable?

Is it a viable merger candidate?

Does the client know any potential buyers or merger candidates?

What is the profile of the ideal buyer or merger candidate?

What steps can be taken to make the client's business a more attractive candidate for purchase or merger?

Does a formal offering memorandum need to be developed?

Has the method used to value the company been reviewed?