



A LAW FIRM FOR LIFE

A Guide to **Family Business Succession**

What you should be thinking
about and planning

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Family business succession

For most family businesses, planning for succession is the toughest and most critical challenge they face. Yet succession planning is vital to ensure that the next generation can carry on with the family business without any family ruptures.

Only about 30% of family businesses survive into the second generation, 12% are still viable into the third generation, and only about 3% of all family businesses operate into the fourth generation or beyond. Research indicates that this failure is a result of one thing: lack of family business succession planning.



Bumps along the way

Being in business with family can prove challenging and we work with business families to help them smooth out the bumpy road they can find themselves on. Bumps such as the conversation about when the seniors will retire and the next generation take over, deciding whether spouses who marry into the family can own shares, how the family will make decisions about the business, or deciding who can and who can't work in the family business. These issues can cause tensions in the family which spill over into, and damage, the business.



We understand that family businesses are unique and appreciate that so many of the issues facing family businesses stem from the family dynamics. Non-family businesses will never encounter the same issues.

To take away some of the stress there are some things you should be thinking about and putting into place to ease the process. This leaflet tells you about what you should be thinking about in advance, what the rules are and how you can protect your family business.

Call our Business Succession Team on **01465 713 118**

Things to consider

Partnership Agreement

Do you have one in place? Have you reviewed this recently? Is it line with what is provided for in your Will?

Your Will

Is it up to date? Does it deal specifically with your interest in the family business?

Power of Attorney

A Power of Attorney is vital if you become unable to manage your affairs. The Power of Attorney allows you to appoint someone to look after your finances and your welfare when you cannot do so yourself.

The Power of Attorney will continue to apply even if you cannot manage your own affairs. We recommend that everyone, whether or not they have a trust prepare a Power of Attorney.

A Family Trust

A family Trust can be a useful way of protecting assets and at the same time ensuring that later generations will be able to benefit from the business you have built up.


Where to start?

If you think we might be able to help you, we would be happy to meet with you for a no commitment discussion. Initially, we would get to know and understand your family and the issues facing your business. We would then put together a bespoke proposal for helping your business to overcome these issues and a budget would be agreed. We work with your accountant and tax advisor to ensure that any solution is done in a tax efficient way and will benefit your family business.

Call us today
for more
information on
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...In a family business, sometimes what is needed is compromise. You have to take everyone's ideas and make it work.



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At The McKinstry Company, we believe in providing a personal service that gets the results you want. Providing a wide range of expert legal services throughout Ayrshire and surrounding counties, why look anywhere else?

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