

REAL ESTATE BROKER'S INSIDER

Management and sales tools for the residential real estate broker

Succession...

Got A Will? Good — Now Get A Succession Plan

Chances are you have a will and an estate plan designed to maximize your family's assets when you die. But do you have the same sort of plan for your brokerage?

Many brokers who wouldn't think of doing without a will have given little or no thought to who will run their business someday, according to the Florida Institute of Certified Public Accountants (FICPA).

By ensuring an orderly transfer and management responsibility, a succession plan provides essentially the same safeguards for a business as a will does for family assets, the FICPA says.

To be sure, succession planning isn't a pleasant topic to address, as it forces you to face your own mortality. But a well-defined plan could save you, your successors, and your heirs a significant amount of time, money, and legal hassles.

The FICPA offers the following tips for writing a succession plan:

1. Define your goals. Unless you have a vision for the future of your company, you won't know what kind of leaders to identify and develop. Meet with trusted associates and family members to discuss goals, wishes, and concerns.

The range of exit strategies is reasonably small. You can pass on your company

to a member of your family. You can sell the brokerage to an employee or competitor. Or you can simply close the company's doors.

2. Identify a successor. This is perhaps the most difficult part of succession planning.

Should your company be taken over by your son or daughter, or by one of your top managers or agents?

3. Groom the successor. There's nothing less productive for your company than an ill-prepared leader. So once you've identified the person who will fill your shoes, be sure to transfer your knowledge to that person. In small companies, institutional knowledge often exists only in the owner's head. Be sure to create formal systems such as written policies, procedures, and job descriptions.

4. Implement the plan. Once you've created your succession plan, don't keep it a secret. Communicate the plan to successors and key managers, as well as your family. This gives everyone a clear understanding of your company's future path, and allows them to begin setting goals for themselves.

While the transfer of control doesn't happen until you retire or die, you might gradually turn over more and more responsibilities to your successor. Start by introduc-

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ing your successor to your key customers, suppliers, bankers, accountants, attorneys, and partners.

5. Watch out for the tax man. It's common for the bulk of an owner's assets to be tied up in his or her business. This can lead to a large estate tax bill, which some-

times can be so onerous that your family is forced to sell the business to pay taxes.

Consult a CPA to help you navigate any potential tax pitfalls created by your succession plan.

Contact: Florida Institute of Certified Public Accountants, 850-224-2727, www.ficpa.org. 

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