

### Jim's Profit Accelerator 63: Now What Will You Do?

John, who happens to be one of my favorite clients, is a second-generation successful leader of a vital business founded by his dad. Recently past his 52nd birthday, John says that he wants three things:

1. He doesn't want to sell, at least not anytime soon.
2. He doesn't want to be like his dad, who stayed too long as leader, damaging his life, his health, and the business in his later years.
3. He wants to stay involved in the business at a gradually reduced level of intensity.

John loves working in the business, and he has a gleam in his eye as he imagines the next growth spurt that's just around the corner (really). Wouldn't you like to feel that way? Well then why don't you do what John is doing?

He's building an action plan to make the next 15 years of his life what he wants it to be. John has discovered that the stakes are high, since it involves his time, his pleasure, his money, his family, and his future, in areas that are new to him. High stakes usually call for expert help, since the questions can be new and the life consequences dramatic.

John is reviewing his stable of advisors, checking for their current expertise in the basic issues in this change. If they've little experience in rapid growth and change in ownership and fundamental leadership, he will look for experts who have done these things for others like him.

Here is his action checklist, designed to move him from owner-manager to investor. It's a great checklist for you too:

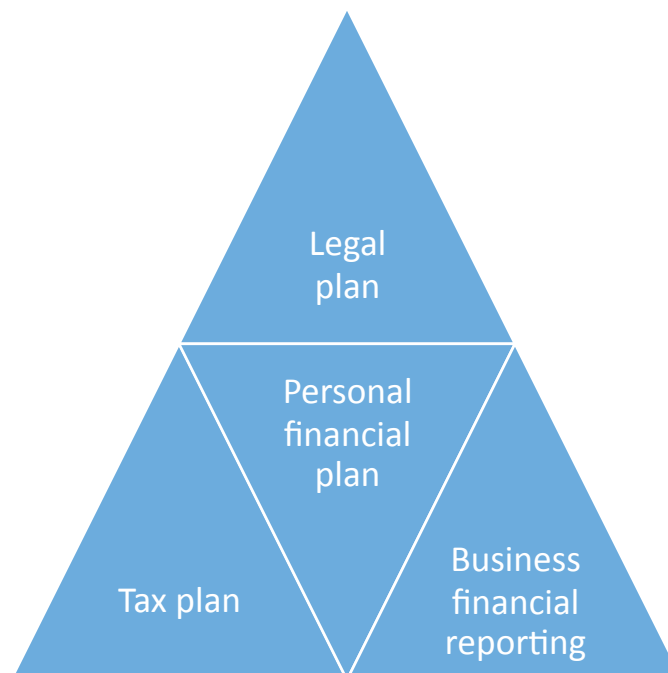


**SPEED BUMP:** Hubris and naiveté can be lethal here.

Here are the details:

- **Review current advisors.** Actively confirm that key advisors have current experience in business ownership change. That includes issues relating to the business, key executives, family, personal assets, tax planning, and legal structuring. If any of these advisors doesn't have current experience in guiding these changes for similar business owners, look for advisors who have that experience.
- **Seek additional advisors.** This business situation is new, since it combines a push for growth with plans for major changes in key leadership. These changes point to the future, not the past, and may include expert help in areas such as these:
  - Business strategy and implementation
  - Revising leadership structure, leadership roles, and management disciplines.
  - Capital structure
  - Tax strategy
  - Financial Reporting for the future
- **Frame an initial action plan** with each advisor. Combine a detailed picture of your desired future five to seven years out with an action list for the next 24 months. The action plan should consider issues such as these (and this list is not complete):

**SPEED BUMP:** The top failure risk is underestimating how unfamiliar all this is.



1. **Legal Plan**, including issues such as:
  - a. Personal estate plans
  - b. Family trusts

- c. Business structure and clear ownership
  - d. Framework for planned changes in ownership
  - e. Compensation for key executives and family
2. **Personal Financial Plan**, including issues such as:
    - a. Managing current assets for self and family
    - b. Planning for adjustments in asset ownership
    - c. Income planning for changes related to changes in work compensation
    - d. Investment planning for future capital income
    - e. Lifestyle planning
  3. **Tax Plan**, including issues such as:
    - a. Optimizing tax reporting within the business
    - b. Shifting from minimizing business tax to other goals
    - c. Updating individual plans and structures to minimize future taxes
    - d. Considering revised ownership structures to minimize taxes
  4. **Business Financial Reporting**, including issues such as:
    - a. Shifting to Compiled financial statements next fiscal year
    - b. Shifting to Reviewed financial statements the following fiscal year
    - c. Shifting to Audited GAAP financial statements the following three years
    - d. Instantiating changes suggested to make these statements reliable to outsiders, whether they are purchasers or sources of capital for growth or risk reduction (“taking some chips off the table,” in common parlance)

**SPEED BUMP:** Growth at this stage is counterintuitive, and takes extra discipline.



5. **Business Growth plan**, including issues such as:
  - a. Strategic growth overview
  - b. Specific growth sources, with required investment and projected outcomes

- c. Twin levels of growth strategy, including likely and “stretch” goals
  - d. Capital plan
  - e. Cash flow plan
- 6. Business Leadership Transition Plan**, including issues such as:
- a. Desired leadership structure in five years
  - b. People development plan for internal and external candidates
  - c. Information transfer plan from senior leaders to potential successors
  - d. Incentives for current leaders to drive needed changes
- 7. Personal Activity Plan:** Specific changes in what you do each day, and what you are responsible for. Those changes create your path from today to your future state in five to seven years. It should include answers to these questions:
- a. **Creation:** What new work would you like to do, and how can you get there?
  - b. **Elimination:** When can you eliminate or delegate work you don’t like?
  - c. **Preserving:** What should you keep, and for how long?
  - d. **Accepting:** What do you know you need to give up, but struggle to do so?

**ACCELERANT:** What is your path to your future?

For more information on how you can accelerate revenues and profits in your business, please call or email me.

For more information, visit [www.grewco.com](http://www.grewco.com).

Jim Grew is an expert in CEO-level strategy and executive leadership whose clients refer to him as the Business Defogger and Accelerator. Jim helps leaders swiftly discover the hidden opportunities within their businesses and exploit them for dramatic results. Nearly three decades of success as a COO and CEO coupled with his experience running nine thriving businesses provide the foundation for his consulting work as president of the Grew Company. He presents regularly to industry groups, mentors business leaders, and shares insights on his blog, BizBursts.com: <http://bizbursts.com/>. He holds BA and MBA degrees from Stanford University.

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