BLACKLEAF

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BLACKLEAF WEALTH COORDINATION

Succession Planning *Guide*

Business and family succession, and the questions to settle first, for owners who intend the business and wealth to outlast them.

INTRODUCTION

Succession is *a process*, not an event.

Succession is the transfer of leadership, ownership and wealth to the next stage. Handled late, it is driven by illness, death or crisis. Handled early, it is a choice made on the owner's terms.

This guide covers business succession and family wealth succession. It explains the questions to settle, the options for transferring ownership and management, and the order in which to proceed. The legal and tax consequences differ for every family, so each step should be confirmed with your attorney and tax adviser.

People

Who leads, and who owns.

Structure

How value and control move.

Time

A sequence over years, not weeks.

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The questions *to settle first*.

Answer these before choosing a structure. The answers decide the structure.

QUESTION	WHY IT MATTERS
When do you want to step back, fully and in part?	Sets the timeline and the transition design
What do you need from the business, financially, after you step back?	Sets what must be paid out or retained
Who could lead the business, inside or outside the family?	Decides if succession is family, management or sale
Who should own it, and in what proportions?	Decides share transfers and fairness
How will family members who do not work in the business be treated?	Avoids inequality turning into conflict
What happens if you die or are disabled before the plan is complete?	Sets the contingency plan

Fair is not always equal. Equal shares among children, where only some work in the business, can create difficulty. Fairness can be built in other ways, such as other assets or defined rights.

Leadership *and ownership options*.

Leadership and ownership can move separately. Choose each deliberately.

ROUTE	WHAT HAPPENS	CONSIDER
Family succession	Leadership and ownership pass to family members	Readiness, fairness, funding the owner's exit
Management buy-out	Managers buy the business	Valuation, funding, owner's payout over time
Sale to a third party	The business is sold to a buyer	Price, certainty, effect on staff and legacy
Partial sale or investor	A stake is sold, and the owner stays involved	Governance and the investor's exit
Staged transfer	Ownership moves over several years	Tax, funding, and keeping control in the meantime
Hold and professionalise	Family keeps ownership, and hires professional management	Governance and oversight

SEPARATING ROLES

- ✓ Ownership and management can be handed over at different times
- ✓ A family member can own without working in the business
- ✓ A non-family chief executive can run a family-owned business with the right governance

Preparing *the business*.

A business that depends on its owner cannot be handed over. Reduce the dependence while there is time.

AREA	ACTION
Leadership depth	Develop a second tier, with real authority and accountability
Key relationships	Introduce successors to key customers, suppliers and funders
Knowledge	Document processes, pricing, systems and decisions held in one person's head
Financial reporting	Reliable monthly accounts that someone other than the owner can read
Structure	Clean entities, records, and clear asset holding
Value	Understand what the business is worth, and what drives it
Funding the transfer	Plan how a successor pays, or how the business funds the exit

Value first. A recent, independent valuation is the basis for every transfer decision. See the Business Valuation Guide.

Preparing *the family*.

Succession affects people who are not in the business. They need to be part of the plan.

Communicate early

Talk to the family before decisions are made, not after. Surprises cause the worst conflicts.

Be clear on roles

State who will lead, who will own and who will advise, and why.

Prepare the successors

Give them responsibility in stages, with feedback and development.

Support those not chosen

Be honest, and build an outcome that respects them.

CONVERSATIONS TO HAVE

- [ ] With each child, about their wishes and ability
- [ ] With the spouse or partner, about security
- [ ] With key managers, about their future
- [ ] With advisers, together, so they hear the same plan

Use a neutral facilitator. Succession is emotional. An outside adviser can raise issues that the family cannot raise itself.

Estate *and tax planning.*

Wealth transfer has legal and tax consequences. Plan them together with the business plan.

TOPIC	POINTS TO CONSIDER
Will and estate plan	Is the will current, and does it match the intended succession?
Trusts	Would a trust serve the purpose, and is it set up and run correctly?
Estate duty and liquidity	What will be due on death, and where will the cash come from?
Capital gains and donations tax	What arises on lifetime transfers, and how can it be managed within the law?
Shareholder agreement	Does it cover death, disability, exit and valuation?
Buy-and-sell funding	Are there policies, owned and structured correctly, to fund a buy-out?
Foreign assets	What rules apply to assets and heirs outside South Africa?
Powers of attorney	Who can act if the owner cannot?

Take advice. Estate and tax rules change and depend on the facts. Instruct your attorney and tax adviser, and have them work together. BlackLeaf coordinates, and does not give legal or tax advice.

Contingency *planning*.

A succession plan must also work if it has to start tomorrow.

RISK	PROTECTION
Sudden death or incapacity	Wills, powers of attorney, and a named interim leader
Loss of a key manager	Retention terms, a deputy, documented processes
Dispute among heirs	Clear shareholder agreement and a family charter
Insufficient liquidity	Insurance, a funding plan, and a short list of assets that can be sold
Funder consent	Know which facilities have change-of-control clauses
Forced sale	A plan that avoids selling at a poor time or price

THE EMERGENCY FILE

- ✓ Location of wills, trust deeds and shareholder agreements
- ✓ Names and contacts of advisers, bankers and key managers
- ✓ A summary of the business, its structure and its main obligations
- ✓ Signing authorities, and who may act and when
- ✓ Instructions on who to tell, and in what order

The succession *timeline*.

Succession typically takes years. Break it into stages.

01

Years 5 to 3 before

Settle the questions. Value the business. Start developing leaders and clean up the structure.

OUTPUT: DECISIONS AND A PLAN

02

Years 3 to 2 before

Put legal documents in place. Communicate the plan to the family and key people.

OUTPUT: DOCUMENTS AND ALIGNMENT

03

Years 2 to 1 before

Transfer responsibility in stages. Test the successors. Agree the funding.

OUTPUT: WORKING TRANSITION

04

Transfer

Complete ownership and leadership changes, and the payout to the owner.

OUTPUT: COMPLETED TRANSFER

05

After

Support the successor, review governance, and settle into the new roles.

OUTPUT: STABLE NEW LEADERSHIP

Timing is a guide. Every business has its own pace. What matters is that the stages happen in order, and that the owner starts early.

Readiness *check*.

Score one point for each statement that is true today.

- [ ] I know when I want to step back
- [ ] I know what income I need afterwards
- [ ] The route is chosen: family, management, sale or other
- [ ] The business has a second tier of leaders
- [ ] Processes and relationships are documented
- [ ] A recent valuation exists
- [ ] My will and estate plan are current
- [ ] Shareholder agreement covers death and exit
- [ ] Estate liquidity has been planned
- [ ] Powers of attorney are in place
- [ ] The family has been told the plan
- [ ] An emergency file exists

11 to 12
Well prepared.

8 to 10
Close the gaps.

4 to 7
Start planning in earnest.

0 to 3
Begin now, before events do.

Next step. BlackLeaf Wealth Coordination brings your advisers together around one plan, and prepares the business for the transfer.

ABOUT BLACKLEAF

Begin with a *private conversation*.

BlackLeaf is a family-owned group offering corporate advisory, capital solutions, mergers and acquisitions, fiduciary services and family office support. Every mandate is led by a principal.

Capital Readiness Protocol

Finds and fixes structural defects before a financier or buyer does.

Capital & finance

Debt, equity and structured funding, placed with the right financiers.

Fiduciary & statutory

Compliance, trusts and company secretarial work, kept in order.

OUR COMMITMENTS

- Absolute discretion: mutual non-disclosure before any detail is shared
- One integrated team across advisory, capital and fiduciary work
- Led by a principal from first conversation to completion

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