

The West Midlands Succession Project

‘Concept to Delivery’

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Succession Manager



Succession

What is Succession?

- **The transfer or continuation, (successfully), of the Ownership and or Management of a Company from one Entity to another to ensure its continuity**
- **This can be a family or non family owned/controlled business**



Succession Planning in the UK

- **Two thirds of small businesses have no written Succession Plan**
- **Family Businesses make up a large proportion of the Nations Economy 1.6 m**
- **Only 30 % survive to a second generation**
- **Only 15% survive into a third generation**
- **60% of Small Businesses expect to have to close on retirement**

West Midlands A Brief Description

- **Heart of UK Manufacturing**
- **Decline in Manufacture**
- **Heavy reliance of Automotive Sector**
- **Majority Owner Managed Enterprises**
- **High proportion of closures**



West Midlands A Brief Description

- **38,000 Businesses at risk from Succession Failure.**
- **300,000 Employees at risk**
- **Lack of intermediary engagement**

**Research by Dr. Chris Martin
University of Central England.**



Rationale for Government Support

- **Contributes to Local Government Targets.**
- **Economy Under Threat**
- **Regional Solution with Local Delivery**
- **Acts as National Government Pilot**
- **Economic Churn South vs. North**



Financial Overview

- **2 ½ year project**
- **£4.5m Value**
- **European Regional Development Fund and Central Government**
- **Business Link Delivery**



METHODOLOGY

AWARENESS



DIAGNOSTIC



SERVICE PORTFOLIO



INTENSIVE SUPPORT LEVEL

AWARENESS

- **Promotion of Key Issues to Business Community**
- **Financial Implications**
- **Promotion of Key Issues to Intermediary Community**
- **Encouraging clarity in Financial support**
- **Work with Educational Leaders**

DIAGNOSTIC



- **Online Diagnostic**
- **Business Advisor Training**
- **Client Engagement**
- **Intermediary Use Second Phase**
- **3 Days free advice and guidance**

SERVICE PORTFOLIO

- **Chief Executive Officer Forums**
- **MBA Programmes and Diplomas**
- **Conflict Resolution**
- **Short Courses and Workshops**
- **Fit for Transfer**
- **Tax/Legal Advice**

50% funded by the programme



Chief Executive Officer Forms

- **Strategic development**
- **Keeping the dream alive**
- **Balancing home and work**
- **Dealing with family not in the business**
- **Managing people**
- **Measuring business performance**
- **Shareholder and 'family'**
- **Developing your key managers**



Conflict Resolution

- **Conflict before Technical**
- **One to One Support**
- **Working with all parties**
- **Lack of Intermediary Support**



Short Courses

- **Management Buy Out Team Development**
- **Successor Development**
- **Skills and Knowledge Transfer**
- **Finance workshops, Venture Capital, loan options**
- **Conferences**



Fit for Transfer Tax and Legal

- **Legal Advice**
- **Shareholdings**
- **Profitability**
- **Finding new Owners**
- **Financing new owners**
- **Pension planning**
- **Inheritance Tax**



INTENSIVE SUPPORT LEVEL

- **Direct grants, to business, preventing:**
 - **Job losses**
 - **Loss to the economy of Intellectual Property**
 - **Loss of gross value added**
 - **A key element of a supply chain**
 - **Skills and expertise that could be applied to other activity**
- **Up to 50% of Costs incurred**

PROJECT OUTPUTS

Ouput	Totals
Business Assisted	130
Jobs Safeguarded	1210
People Assisted	113



Key Findings

- **Availability of Finance**
- **Flexibility of Funding**
- **Complications of Funding Applications**
- **Honest and Approachable Funders**
- **Importance of the Intermediary**
- **Reluctance of Clients**
- **Clarity of Message**
- **Training of Advisors**
- **Diagnostic**
- **Partnership Working**



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