O'NEILCANNON
HOLLMAN DEJONG & LAING S.C.

# TAX AND WEALTH ADVISOR ALERT: SUCCESSION PLANNINGTHE SEVENTH SIN — "PROCRASTINATION"

I hate the term procrastination. Why? It has a negative connotation. I think instead, to be fair, when evaluating behavior we should use the term "waiting," and then determine what waiting gets you. If waiting gains the waiter an advantage, it is not procrastination, it is savvy. On the other hand, if waiting has a cost, it is procrastination; a negative behavior.

So, for business owners who have waited to put together a succession plan, and may be deciding whether to wait even longer, the question is whether that wait has gained them something or lost them something? First, what does waiting get them? Maybe it delays having to make hard decisions, decisions like if not them, who (should run the business). Maybe it delays having to communicate to some of the children that their sibling (or even a non-family employee) is the right person to run the business.

In this situation, waiting is understandable. Those conversations are hard; peace is a valuable thing. But remember Sin #6? In the absence of this information, what assumptions are the children making? The key employees? Customers? Suppliers? The bank? The truth is, they are all probably assuming the worst. And the worst is likely not the truth. So waiting causes people to make negative assumptions that are likely worse than the truth; not good.

Waiting also allows the business owner to take more time to observe how the talent develops. That would appear to be a good thing. But is it? Would it be better to test that talent in new leadership roles? Aren't those experiments better conducted in a safe laboratory environment, where Dad and Mom are still around with the wisdom to prevent a decision making tragedy?

Of course, sometimes the unexpected does happen. Dad gets on the wrong road at the wrong time and does not make it home. Or Mom is beset with an illness before her time. If those things happen, the plan that is in their head, but not on paper, may never come to fruition, to the detriment of the business and therefore to the detriment of their loved ones who count on its income. Or, if the plan would require the purchase of insurance, that illness might make that plan impossible as Mom or Dad become uninsurable.

So is it okay to wait to plan? Sure. But our clients need to know the costs of waiting and, in my experience, that cost usually outweighs the benefits.