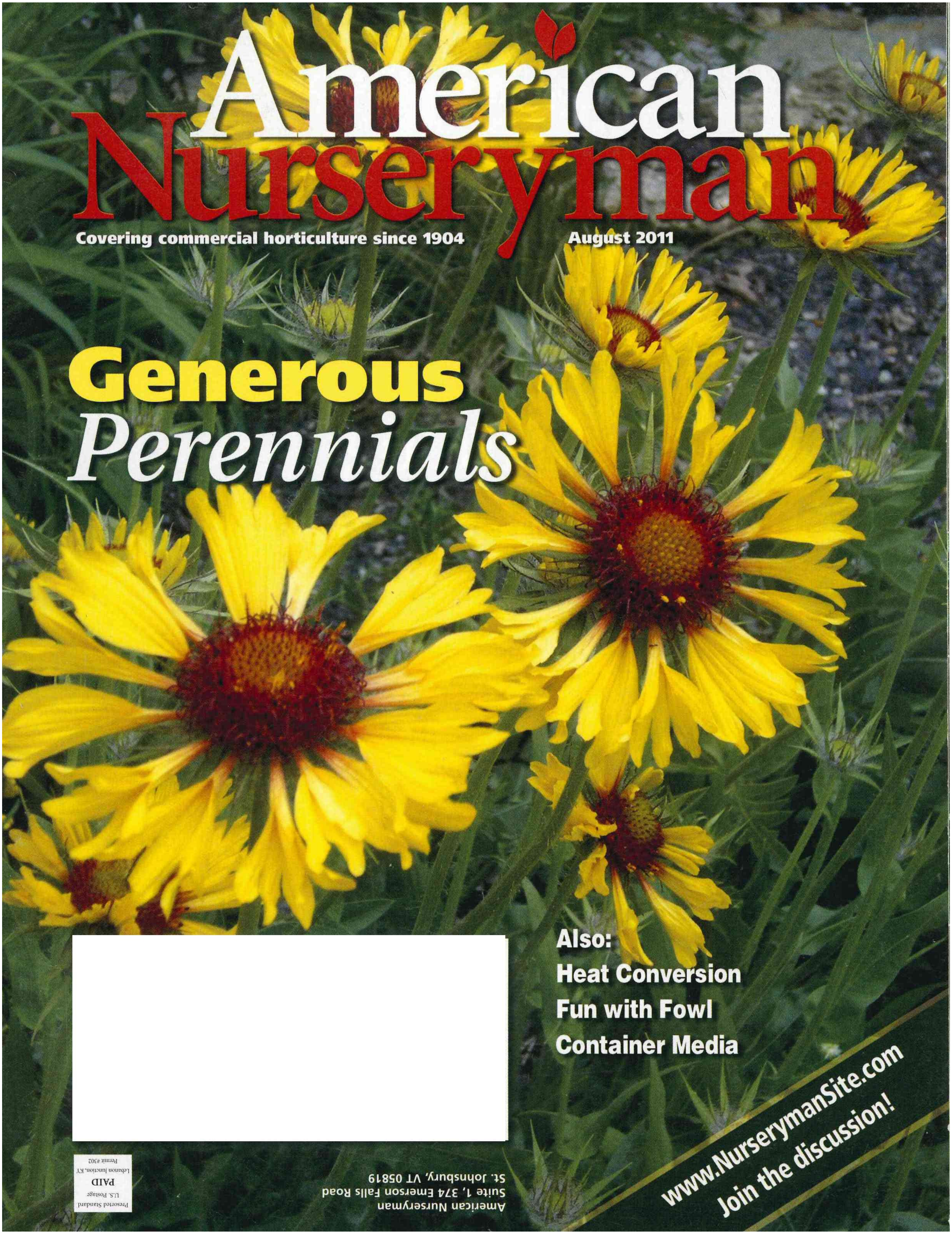

American Nurseryman

Covering commercial horticulture since 1904

August 2011

Generous *Perennials*

Also:

Heat Conversion

Fun with Fowl

Container Media

www.NurserymanSite.com

Join the discussion!

Presorted Standard
U.S. Postage
PAID
Lebanon Junction, KY
Permit #302

American Nurseryman
Suite 1, 374 Emerson Falls Road
St. Johnsbury, VT 05819

Planning your exit

by Maria Zampini

Consult an expert. In my opinion, this is an area of great importance to you—both professionally and personally—and it's something you shouldn't skimp on.

Maria Zampini is president of Lake County New Plants LLC, Madison, Ohio. She co-founded the company with her father, Jim Zampini. Their focus is sales and marketing of LCN Selections along with research and development of new plant introductions. She can be reached at maria.zampini@yahoo.com.

My column in the July 2011 issue started a conversation on an exit strategy for your business. As promised, I'd like to continue that discussion in this column.

Before going further, I just want to remind everyone that at its core, this column is an opinion piece. I'm speaking from my own experience and giving my thoughts on the subject at hand. I'm no authority on estate planning. But, what I try to do is bring forth points to ponder and get readers thinking about a concern common to many of us.

Now, sometimes I think I know just enough about a subject to make me dangerous. So to prepare for this piece, I contacted my own attorneys, Jeff Morella and James Deasy of Morella & Associates in Pittsburgh. One of their areas of specialization is estate planning. In fact, Jeff was part of the presentation group at CENTS, which I mentioned last month.

Actually, this brings about the first point I'd like to make: Consult an expert. In my opinion, this is an area of great importance to you—both professionally and personally—and it's something you shouldn't skimp on. Do some research first to educate yourself so you get a general feel of things, and it will help you know what questions to ask. But then consult an attorney, accountant and/or financial planner who specializes in your particular area of need.

To me, when you say, "estate planning," I automatically think of someone dying. Actually, there are many reasons one may be exiting a business: outright closure, transfer of ownership, selling the business, retirement or death of the owner. I know I tend to fall back on old sayings but when they're right, they're right. In this instance, I'm reminded "if you fail to plan, you plan to fail."

When we consider exiting a business under any circumstance, we tend to think of it as something that will happen in the future—in our twilight years—and we'll have time to prepare for it. But, just like with a will, you're better off to plan in advance. After all, "we know not the day nor the hour." Whatever the exit reason, Jeff and Jim say you need to be smart about how you make your exit.

They pointed out to me a very simple way to start the process is to consult the Small Business Administration website at *www.sba.gov.* If you're not computer savvy, then just pull out the phone book and find the local SBA office. There's nothing wrong with the tried-and-true method of giving them a phone call or paying them a visit.

Here are a few things Jeff and Jim suggest you consider as you plan your exit strategy:

- Develop a succession plan. There is no "one plan fits all," but developing a plan will deliver the peace of mind that comes from knowing your life's achievement is in good hands.
- Invest in a retirement plan and insure your worth. This will protect your family when it's time, forcibly or not, to step away from your business.
- The process of exiting. No matter your reason to exit, planning is a big undertaking that has implications for you, your employees, your business structure, its assets and your tax obligation. This is why you need to engage expert help.

Like myself, many in the green industry are in a family-run business. Therefore, I'd like to specifically address Jeff and Jim's thoughts on transfer of ownership. They point out there are several options when it comes to transferring ownership rights. Be sure to consider all your choices before making any decision. A few options include:

- Outright sale. Obviously, by selling a business in full you'll receive payment for your assets right away.
- Gradual sale. This is a flexible plan where the seller no longer has to worry about running the business, but still receives a monthly income.
- Lease agreement. Here you'd commit to a contract that details the conditions and payments you'll receive for the temporary rights to the business.
- Family succession. Transferring ownership to a new generation is often more complicated than it sounds. Additional tax implications, such as estate and gift taxes, generally arise for both parties. Proactive succession planning can help provide business stability, prepare for tax obligations, and make the ownership transfer as smooth as possible.

Depending on your situation, you could try to carve your business into several pieces. It might become more easily marketable in sections as opposed to the whole business.

I mentioned the web earlier. Nowadays there are so many free or relatively inexpensive online sites that may help you. If you're connected to a site like LinkedIn, for example, ask your network. Perhaps one of your customers, friends or relatives might be interested in buying the business. Those people, in turn, have a sphere of influence. While they themselves may not be interested, they may rub elbows with someone who is a potential buyer. What I'm trying to get at here is *never* assume. Throw it out there. You have nothing to lose. The worst someone can say is no. The best is yes!

I'd like to thank you for allowing me to take two columns to share my thoughts and feelings about exit strategies. I know I barely scratched the surface of this topic, but I hope I got you thinking. If you have a topic pertinent to our industry that you'd like me to address, please shoot me an email. Until next time, relax a little and enjoy the rest of your summer! Fall shipping will be here before we know it!