Cadence Bank Podcast: In Good Companies

Episode 9: The Next Chapter: Business Succession Planning

Those who've started a business know: the business is your baby. It takes love, patience and sleepless nights to get it on its feet. As it grows, you're so proud of it. But just like a child, there comes a time when you have to let the business go. And the hope is that you've prepared your business to function independently, without your guidance. Can your business survive without you? Can it thrive?

Whether it's by design or unexpected, there will be a day when you're no longer able to run things as you once did. If you've prepared right, your business will be able to keep flourishing long after you've retired. But what does that preparation entail? It starts with a strong business succession plan, an area of expertise for our two guests on this episode: Ari Marin, Senior Vice President, Wealth Strategist at Cadence Bank, and Eric Priamo, founder and managing partner of Juniper Equity.

Together we'll cover the key aspects of a business succession plan, like proper valuation provisions and operational redundancy, and how corporate governance structures can help you achieve those goals. Ari and Eric will also lead us through how to tackle the hard, emotional conversations that come with succession.

So join us as we write a new chapter: for your business, your family, and you.

Episode Transcript:

[00:00:00] **Eric Priamo:** The emotional side of this is a very difficult one to navigate, and it's because for most business owners, their business is their baby.

[00:00:06] **Patrick VO:** For a lot of us, the hardest thing to prepare for is the thing we all know is coming: the end.

[00:00:20] **Eric Priamo:** So it's something they care very much about, typically they care very much about their employees, very much about their customers. It's something that when I talk to business owners about succession planning or exit planning, I have to be really sensitive to those types of things because it is like a child to them.

[00:00:42] **Patrick Pacheco:** I'm Patrick Pacheco, and you're listening to In Good Companies from Cadence Bank, the podcast where we answer the toughest questions facing your business and guide you through the company life cycle from start to sale and success to succession.

[00:01:03] **Patrick VO:** For a lot of business owners, the business is their baby. And just like a kid, your business will grow up. There comes a time when you have to let it go. If you haven't prepared the business, it won't be able to grow and thrive independently once you're out of the picture.

Today on the podcast, we're talking business succession. Whether it's planned or unplanned, there will come a day when you no longer run your business. Time, as they say, is undefeated. Is your business prepared to survive without you? Who makes decisions if you're unable to? Do you have a successor?

These questions can be difficult and emotional to think about, but they're essential, and it can save your business and your loved ones a lot of heartache if you figure them out before it's too late. It's much easier to answer these questions when you've got someone experienced and thoughtful by your side, like our guests today.

[00:02:08] **Eric Priamo:** Good afternoon. My name is Eric Priamo, and I founded Juniper Equity, which is a private equity group in the Dallas-Fort Worth metro area.

[00:02:20] **Ari Marin:** I'm Ari Marin. I'm a wealth strategist at Cadence Bank.

[00:02:25] **Patrick VO:** As a private equity investor, it's part of Eric's job description to know a business's succession plan.

[00:02:31] **Eric Priamo:** Part of the investment thesis going into a private equity investment is what the exit looks like. You go in there with a plan to exit. We're in there and we're creating redundancies and we are reducing customer concentration, and we're preparing the business for a sale now, even though we might not sell it for five years.

[00:02:58] **Patrick Pacheco:** That's why private equity is so successful because you go into the deal with a succession plan. Business owners, if they could think that way, it would be a very good way to think about things.

[00:03:08] **Patrick VO:** But succession is a conversation which can have a lot of variables.

[00:03:13] **Patrick Pacheco:** So, Ari, what's your role at Cadence in helping business owners think about succession?

[00:03:17] **Ari Marin:** So, my role is educational. It is the way I portray myself. The more somebody has a conversation about a certain subject, the more refined, clearer the picture they're going to have. And so, oftentimes, they need somebody like me who has some experience in the area to help them walk down some of the scenarios and best practices and things to consider. It involves using the right successor, empowering the business owner to leave at their time of their choosing, being prepared for an unplanned departure from the business, and if the business is to be sold, to be able to have the business owner sell the business on the most optimal terms. As we're going down the road, we're also trying to make sure, "Okay. Let's talk about some of your retirement goals and where you are positioned in terms of what you need for retirement income." So, we're having multiple conversations at the same time. Not only we're talking about their business succession plan, but we're seeing what type of exit plan are they capable of.

[00:04:13] **Patrick Pacheco:** So, it's so interesting just in those two answers. It highlights the number of things that you have to do with the succession plan, because, Eric, you spoke more with regard to the business and what the business has to do to plan around it. Ari, you're speaking more to the owner and how that owner is planning their personal life around this plan on how the business is going to go forward.

[00:04:35] **Patrick VO:** So, these conversations are complex, and it's good to have someone like Ari or Eric to guide you along the way, but let's zoom out--why is a business succession plan so important in the first place?

[00:04:49] **Ari Marin:** Every owner of a business is going to exit their business at some point, voluntarily or otherwise, when there's a catastrophic life event, and usually we can call those death, disability, even bankruptcy. So, an owner who has not prepared for their exit properly can result in a catastrophic failure to the business. And of course, their family's financial wellbeing could be affected by that. I would add to that, you want to be wealthy. You don't want your business to be wealthy. So, what I mean by that is the earlier you start on investing in non-correlated assets outside of the business, if it's a retirement plan, if it's a life insurance policy with cash value, having a real estate portfolio or other businesses that are not contingent on success of that principle wealth generator, is the smart way to go. Best way to do that obviously is to start years in advance of your exit, because we take steps to lessen the risk that a catastrophic failure in the business will be catastrophic to your own personal wealth.

[00:05:55] **Eric Priamo:** One thing I was going to say is that talking about how much of their wealth is tied up in businesses. I've often seen small business owners have 80%, 90% of their wealth tied up in that small business. A discussion I used to have more frequently with people, but I still have with small business owners is about the diversity of their portfolio. If you take that asset into consideration, now you're looking at 80%, 90% of your portfolio being tied up into one illiquid, micro-cap stock, essentially.

[00:06:38] **Ari Marin:** Yeah, exactly. As planners, really what we're doing is we're identifying risks of all kinds, and then we're taking steps to mitigate those risks from having a catastrophic failure towards either your personal finances or other businesses, et cetera. The typical recipe is diversifying at a concentrated holdings and making sure that other measures are taken into consideration when you're planning to mitigate the risks associated with the risk or the effects that a risk can have on your wealth plan.

[00:07:11] **Patrick VO:** Maybe the best way to illustrate this is to show what would happen if there isn't a plan in place.

[00:07:19] **Ari Marin:** What happens essentially is that you have a valuable business that the key person, the key engine to the business essentially, is out of the picture now, has died, and they didn't put the proper plan in place. The value of the business was not protected, and the business has to be liquidated for a value that otherwise would've been inappropriate. So, for example, if you have an item that's very valuable and it's provided a valuable source of income for you and your family over generations, if the second you retire or become disabled, the value of that, it basically goes away. Good luck selling that because by you getting removed from the business from that asset, which helps provide it so much value, obviously that value isn't protected.

[00:08:16] **Patrick Pacheco:** When does the business owner need to start thinking about this? And when they do, is this a one-time set-it-and-forget-it deal, or is this kind of a living document?

[00:08:25] **Eric Priamo:** What I would say to that is that a business owner should start thinking about their exit or their succession when they form the business. Now, how often does that happen in practice? Not very, if ever, but you really need to start thinking about what an exit is going to look like as soon as possible. You need to look at it early. Maybe that kind of practice is more common than what we see; what I see is three to five years out.

[00:08:58] **Patrick Pacheco:** So definitely benefits to start early. Is it ever too late to do something?

[00:09:04] **Eric Priamo:** Once an LOI is signed, which is a letter of intent, it becomes a lot more difficult. There might be a few things you can still do, but it goes back to what Ari was talking about with the risk around key employees or just key personnel. It could be the owner. It could be an employee and creating redundancy. You have to create redundancy in business and have people, anyone, whether it's the owner or another employee, be able to walk away for a week or two weeks or a month, and the business not stop or not hurt. To be able to do that properly, you probably need to train someone for months, if not years, to get them up to speed, depending on the type of business we're talking about. So that type of thing really does need to be in place, I'd say a year in exit, but there are things you can do that still would be a benefit to you up until the sale, but it becomes a lot harder after that LOI.

[00:10:13] **Patrick VO:** The biggest stumbling block of any business succession plan isn't their valuation or state tax code. It's the multitude of strong emotions that are inherent to this process.

[00:10:24] **Ari Marin:** They're probably one of the biggest barriers, if not the biggest barrier to all of this planning, because you have your typical alpha business owner, who doesn't really trust other people, often is the kid, and I think that's pretty common. But I think the way you start the conversation is you start to appeal to their relationships, whether it's employees or customers. What we're trying to do is to try to put a plan in place that protects, that if you're a manufacturing business and you have great relationships with some type of manufacturing company that uses your parts for their business... What type of interruption is that going to have on their own business? Your reputation is at risk if something were to happen to you, and all of a sudden they can't get the parts they need for their business.

But again, oftentimes, this planning starts to take place after some health event occurred. So they had what was a mild heart attack, or they went skiing, they got injured and they really started to think about what to do in case something were to happen to them. Really, so oftentimes, you get that owner at that moment. But really, I think it's just about protecting employees, protecting your family, and then also protecting your customers, who you've developed relationships with over the years, and your reputation.

[00:11:54] **Eric Priamo:** The emotional side of this is a very difficult one to navigate, and it's because for most business owners, their business is their baby. So it's something they care very much about, typically they care very much about their employees, very much about their customers. It's something that when I talk to business owners about succession planning or exit planning, I have to be really sensitive to those types of things, because it's like a child to them.

[00:12:28] **Patrick VO:** Speaking of children, succession has the potential to ignite drama within a family. But sometimes, that drama can be avoided with a simple conversation.

[00:12:37] **Patrick Pacheco:** I think one of my proudest moments was a time when I talked to business owners and they ended up not transferring the asset down to their kid, not because their kid wasn't a good person, but they never asked their child, "Do you really want to run this business? You've been working for them forever. You've been working the business. Or do you want to go try to make your own way? Do you have some other ideas?"

When I talked to him about having that discussion, the kid said, "I really don't want to be doing this for the next... You did great, Dad. I appreciate it, but I'd like to go a different way." So it turned out they pivoted. Decided they found a financial buyer. They did some planning ahead of time, got some money out to him, and he got to go do his own thing and was pretty successful at it. But a lot of times, the patriarch or matriarch doesn't talk to the kids about what it is they... Do they want it? Do they not want it? Yeah. Just because they're working there doesn't necessarily mean that's what they want to do.

[00:13:34] **Ari Marin:** And if they haven't been coaching them for years on trying to integrate them, not only just to the business, but into the control of the business, the management of the business, then what real expectations, chances will they have if they suddenly inherit the business to run the business successfully and sometimes less. So these days is when there is a daughter in the picture, and sometimes the father will not consider the daughter as an appropriate owner for business interest and/or not taken as seriously as her male siblings. There are some family dynamic issues that also have to be addressed, and the best way to do that, of course, is starting them off really young and getting them involved in the business and really planning this out and understanding that there are different roles. Maybe the oldest son is not interested in the business, or if it can't work together... Me and my sister, if my parents had a business and you gave it 50/50 to each of us, it would just never work, even if we were interested in running the business.

[00:14:40] **Patrick Pacheco:** I think what should have come out through all this is communication is really the key. One thing we probably haven't hit on enough is beyond just the financial ruin, the lack of succession planning, the worst part about it, it's the litigation aspects, because more often than not, you end up with litigation, especially when it's kids and they don't know what's going to happen, or somebody gets ownership.

[00:15:03] **Patrick VO:** You'll have to make hard decisions during this process, but they're made easier when you approach them head-on with your advisors and your family.

[00:15:12] **Ari Marin:** There's always a creative solution to a problem. The real issue is finding the issues and the problems and trying to plan around them. So it could be splitting the business. It could be doing different product lines. It could be a lot of things. So, recognizing that the family, even if your kids are capable of it, trying to get an understanding of their personalities and the dynamics within that family as the successor owner is very important as well.

[00:15:40] **Patrick VO:** Once you clear the emotional hurdles, then you have to develop your business succession plan. That plan starts with understanding your goals, which for Ari, means heading out to the barn.

[00:15:52] **Ari Marin:** The way I often talk to people is the farmer, the cow and the milk. So, when you look at a property interest, there's really three aspects to it. So, what are each of the interested parties interested in? Is it to control the business? Now, the analogy is the farmer. Is that what you're mostly interested in?

Is it the cow itself? Are you interested in the capital appreciation of the asset and the equity, or is it just the income interest that you're interested in? Because all of these things have a solution. So if you're only interested in one, there's a way to make all the parties satisfied, depending on exactly what it is that they're interested in. If you have a family member who is interested mostly in the income for the business, then there's ways to do that without giving them any control of the business. And if it's capital appreciation, but not control, you want to make sure that they're still an owner. There's ways to do that as well. So it's really just listening to the party and trying to use your imagination and creativity to try to make a solution for everybody where they're satisfied.

[00:16:50] **Patrick VO:** Once you have your goals laid out, it's time to see what you're working with.

[00:16:56] **Ari Marin:** I always love to start off with the cash flow analysis to see what their expenses are, to see what impact will the business have on your retirement picture. So, next question is what's your business worth? So, I often say it's better to get a business valuation done ahead of time, number one, so that you understand what the value of the business is worth, and number two, so you can plan accordingly for your retirement. So, as you go down the road, in terms of business succession planning, you say, "I want my kids to have it." Okay. That's an interesting perspective. Do you plan to sell it to them or do you plan to gift it to them? Because if you're planning to give it to them, you're not going to reach your retirement objectives because you need to sustain yourself with some source of income in retirement and the business is going to be a big part of that. As we have further discussions, we're cutting a better idea of what we need to do to the business.

So if you have a business owner who's retirement is highly dependent on receiving value of the business, you have to maximize that. Of course, you want to take steps to make sure that you're not overexposing yourself, because if you have a business where you are involved and suddenly you're out of the picture and it's a successor owner, nobody knows how that successor owner is going to be. If your retirement is funded by, let's say, installment payments coming from the buyer, you want to make sure that you've taken some steps to mitigate the risk that's associated with the business failing and you not receiving payments for the sale of the business.

[00:18:22] **Patrick VO:** An important part of buy-sell planning, whether it's between co-owners, kids, or equity investors, is having proper valuation provisions that take into account all aspects of the business.

[00:18:33] **Ari Marin:** And then making sure that the business isn't going to be valued at its book value or adjusted book value if it's a business that produces a lot of cash flows that takes into account, and removing the potential for ambiguity and litigation. Because really, the catastrophic thing you want to avoid is where the owners are what we call deadlocked, which is the worst case scenario.

[00:19:04] **Eric Priamo:** That's another thing with the emotional side of this is business owners almost always think their business is worth more than it is. It's tough if somebody thinks their business is worth 20 million and you come back and tell them really based on the numbers, it's worth 12 million. You have to explain that and you have to be careful with it because you don't want to just tell them, "Hey, it's actually half of what you thought it was, or 60% of what you thought it was."

[00:19:23] **Patrick Pacheco:** Yeah. I guess you then start looking at why there's a difference between what they think it is and what it is. There could be some things they could work on, I'd assume.

[00:19:31] **Eric Priamo:** Exactly. And that's where getting ahead of this and not starting to look at planning. When you're looking to make some sort of exit, actually do a transaction, whether it's to family or however. Looking at it farther in advance allows you to go in and for two or three years or however long it takes to make those changes, to capture the value that you want.

[00:20:00] **Patrick VO:** Another key part of a good succession plan is flexibility--because you can't know for sure when you'll need to exit the business. When that time comes, you'll want to have multiple options on the table so you can choose what works best.

[00:20:17] **Eric Priamo:** The flexibility of the different options, making sure you have that in place, but also figuring out early what option, and by option, I'm talking about selling to employees, selling to a co-owner, transferring it to family, third-party sale, employee stock. Those are the options. Figuring out which one makes sense for not only you as an owner, but also your business, I think that's a really key part and really important part to be thinking about. And the flexibility that Ari was referring to, that's so important. Where that comes into play is what might make sense for you and your business today might be different five years from now. So that's why the plan has to have some fluidity to it, so that way you can adjust as needed.

Maybe five or 10 years from now, you have a child that you decide, it makes sense to transfer the business to him or her. In that case, maybe you're looking at it differently.

[00:21:26] **Patrick VO:** One of the things that came up most in our conversation with Ari and Eric was redundancy, redundancy, redundancy. Making sure that if you disappear, someone else knows how to do your job, so that the business isn't lost without you.

[00:21:42] **Eric Priamo:** A lot of that is gonna be around maybe restructuring the employee org chart and getting redundancies in play, having people there who can do multiple things and really cover each other.

[00:22:01] **Patrick VO:** Just like you don't want too much relying on one person, you also don't want too much business tied up in one customer.

[00:22:10] **Eric Priamo:** The other thing that comes up very often, especially with the small businesses, is customer concentration risk. So, we'd work through that with what that means and how to work around. No business owner wants to say no to a customer, but there is some risk if there's a customer that makes up, call it 50% of your business. What happens if that customer goes away? So, it's not necessarily saying, "No, we don't want to do more work with that customer," but how can we grow in other areas to make that percentage go down, and again, working through that, either client or partner.

[00:22:58] **Patrick VO:** And both Ari and Eric agreed that a good plan is revisited often and updated frequently.

[00:23:05] **Ari Marin:** Now, the frequency that you're going to be updating, this is what we call ambulatory. It's ongoing. You're constantly going to have better ideas the more you think about it in terms of how to implement your business succession plan, but it's something that should be reviewed with some frequency and change with some frequency, likely.

[00:23:24] **Patrick VO:** Clients are often worried about the tax implications of their succession plans. But Ari is clear that this can't drive the process.

[00:23:35] **Ari Marin:** It's not about lowering your tax bill. Doing this planning, the tax tail doesn't wag the dog. Succession planning, selling your business, it's not about figuring ways to avoid paying taxes or reducing... The taxes in large part are going to be what they're going to be. There are some things that you can do to minimize the amount of taxes you're going to pay. Sorry if I skipped to the next topic. But I think that oftentimes, people come to me and they say, "Oh, I want to sell my business. I don't want to pay any taxes on it. Just don't report the transaction then to the IRS." But seriously, the priority should not be placed on avoiding taxes or reducing taxes.

[00:24:14] **Patrick Pacheco:** So, it should really start with... I think really the first thing is to sit down, "So, what am I trying to accomplish?" Then it's, "Can I accomplish it with the people that are here?" And then once all that is in place, then the tax guys can come in and say, "Here's the most efficient way to do that." When you start with tax planning, you're never going to end up with anything that you really wanted to do.

[00:24:35] **Patrick VO:** A good succession plan is put into motion well before the succession happens, so that the business is resilient and can weather abrupt shocks. So how do you implement concepts like flexibility, accountability and redundancy? For Ari, a surefire way to accomplish these goals is with corporate governance.

[00:24:54] **Patrick Pacheco:** When you talk about corporate governance, Ari, what are you talking about?

[00:25:00] **Ari Marin:** Yeah. So, it's formalizing the decision-making process. At initial stages, you have a person who finds a business. You have that owner's vision and values, his decision-making process and the fact that he implements this out with his own ideas. So, at the early stages of a business, you have all three done by the same person. But when you're talking about successive ownerships, you're talking about, now, you have a business with different persons who are not only benefited by the presence of the business, but all may become successor owners. So, now, really, what you're talking about is not necessarily achieving the next level of vision and values, but it's the decision-making process.

[00:25:43] **Patrick VO:** One reason to implement formal corporate governance? It's just good for business.

[00:25:47] **Eric Priamo:** Yeah. One issue that we see with a lot of small businesses is they feel it's not necessary to have a board of directors or board of advisors, but it really is a best practice and it really can help on... It can just help your business. It can help the operations. It can help to grow. It can help you be more efficient. In my experience, the board of directors and advisors, that's something that should be set up no matter the size of the business. So that way, you have people who may be outside of the business that have strong business experience that can give guidance and wisdom, and share their experiences and help with the growth and the operations of your business and help your business be better. That's something that I've seen to be very powerful.

Yeah. There was one business that I was working with, and this was a few years ago. They did not have a board of directors. They were just moseying along, not huge growth, not necessarily really high margin, lower margin business for the industry. Once we got in, we recommended that they get some advisors in place. They have some people they meet with them quarter. They do these important things that can really help. A year or two later, they were growing 10%, 15%, 20% a year for a few years in a row. Their margins started to come up. They were really more industry average or beating industry average. So their KPIs were just stronger and it made a big difference in that business, which ultimately goes to the value of the business, which is what everyone wants: increased value when you're looking at your succession and exit point.

[00:28:11] **Patrick VO:** And that redundancy, redundancy, redundancy that we were after? Corporate governance is a means to that as well.

[00:28:18] **Ari Marin:** You need redundancy in terms of can the next owners make a decision without the owner being present? As a gross example, in many states, if a corporate owner dies, then his executor becomes the new temporary owner of the business. An executor may not necessarily be empowered to run a business. Guess what, if the business loses value while the estate is open, and then the heirs to the business can sue the executor for mismanaging the asset. Oftentimes, the executor sells the asset. So in this period, when an owner dies, who's making the decisions to run the business? If it's day-to-day responsibilities, having people empowered to run the business day to day. If it's something that is more for the business, then having persons who are going to be able to act strategically, such as a board of directors who can act without the owner's input or for special occasions and that sort of thing.

[00:31:44] **Patrick VO:** Finally, corporate governance can be a great bridge to trusting others to make the decisions.

[00:31:50] **Ari Marin:** Now, you have to put your shareholder hat on. Because one of the things that I often like to talk to family members about, especially when you're talking about generational wealth created by a business, is what's the difference between an owner, a member of the board of directors and officer, and a manager, and an employee. In the first generation of the business's existence, they were all your dad. But really, as the business grew and took on more employees and expanded out, these are distinct roles. And so, just because you own the airplane doesn't mean you can fly the airplane. So think of a business as an airplane. Just because you are a customer doesn't mean you get to tell the pilot where to go or make decisions about the maintenance of the plane, et cetera.

[00:32:39] **Patrick VO:** You can iterate on a succession plan for years. So if you're gonna be in the trenches with someone like Ari or Eric for a long while, it's worth hearing their advice on how to make the operation as smooth as possible.

[00:32:56] **Patrick Pacheco:** What is something you wish more clients understood about the succession planning process?

[00:33:00] **Ari Marin:** That it's not a one-shot deal, that the plan may change, that they need to keep looking at their plan, that somebody is going to be not happy with the plan. I'd say those are a couple things. So, oftentimes, and as an attorney, we see the client complaining about the price of having to get their documents redone and all that sort of thing, but they understand that the cost of not doing any of this planning is much more than whatever attorney's fees you'll pay upfront.

[00:33:48] **Patrick VO:** Just like in any complex situation, communication is key.

[00:33:51] **Eric Priamo:** I think the number one thing is being open communication-wise, and open as far as providing information. Sometimes that's actually a little bit of a difficult thing, right? There's a little bit of a funnel there. It gets caught up. But being able to have open and truthful conversations and open lines of communication about what it is that an owner wants for themselves, but also for the business, that's a really key part. And then the other part is really providing good, accurate information, whether it's financials or other pieces of information on the operations of the business. So that way, we can truly understand the asset and value it appropriately. So that way, they understand what they are.

[00:35:13] **Ari Marin:** I would say, "Just give me access to your advisors. I don't want to go through you every single time. I'm happy to CC you, but just give me your accountant's email address and tell them what we're trying to do. If you have a lawyer, give me permission to go to them." Because these clients, not only are they typically reluctant to do this in the first place, but they're really busy. Like Eric said, that communication aspect, when you remove that barrier in the middle, it makes the free flow of communication a lot better, a lot more accurate. It speeds things along. It's just my preferred way to do things.

[00:35:51] **Patrick Pacheco:** So there's going to be multiple people involved in this process no matter what. So if you can have them all communicating freely without... If the client's in the middle, they're the filter and then they're giving everything, like you said, Eric, on a need-to-know basis, "I don't think you need to know this aspect," everything just falls apart.

[00:36:07] **Patrick VO:** The biggest hurdle to any of this is just getting started. You shouldn't wait, because it won't delay the inevitable.

[00:36:15] **Patrick Pacheco:** I always thought what could a client do to help me help them is just call me, stop procrastinating.

When people would talk to me about will when I was practicing, they'd say, "So if I die," I'd say, "When?" They'd go, "Did you just say when?" I said, "Yes, it's when you die, not if you die, and it's when you retire, not if you retire." Because one way or another, as you said, Ari, you're retiring. It may not be on purpose, but you're going to retire. So I think people just have to deal with their mortality and say, "Okay. I want to make sure that everybody's in a better position or at least no worse position when I'm here and when I'm gone." I think that they owe that down to their family and to their employees. Employees are counting on you, long-term employees, that you got something in place, that this isn't falling apart when you pass away.

[00:37:07] **Patrick VO:** Your business is a big part of your legacy. You put immeasurable time and dedication into making it work. And if you plan properly, you can keep the story going for a whole new generation of employees, clients, and customers, all while situating your family for the next chapter. The best stories have a satisfying ending, so don't leave things unfinished. Start setting up your plan today--implement redundancies and make sure you've got the proper valuation mechanisms in place. Experiment with corporate governance, and get some of your key stakeholders involved in decision making, so you can feel confident in transferring the business when the time comes. Most importantly, address those difficult discussions head-on. You can't find creative answers if you don't ask the questions.

I'd like to thank Ari Marin of Cadence Bank and Eric Priamo of Juniper Equity, two gentlemen who always have great answers for hard questions.

[00:38:06] **Patrick Pacheco:** In Good Companies is a podcast from Cadence Bank, Member FDIC, Equal Opportunity Lender. Sheena Cochran is our production coordinator. Our executive producer is Danielle Kernell, with the writing and production for Andrew Ganem and sound design and mixing by Alex Bennett at Lower Street Media. I'm your host, Patrick Pacheco.

If you've made it this far and you got something out of the episode, why don't you go out and give us a five-star rating in your podcast app? It's the best thing you can do to help the show grow and reach more people. And join us next week, because when you're with us, we're In Good Companies.

[00:38:50] **SFX:** fade out music

[00:38:51] **Sheena Cochran:** This podcast is provided as a free service to you and is for general informational purposes only. Cadence Bank makes no representations or warranties as to the accuracy, completeness or timeliness of the content in the podcast. The podcast is not intended to provide legal, accounting or tax advice and should not be relied upon for such purposes. To the extent that this podcast includes predictions about the economy, these predictions are subject to a number of variables and you should confer with your legal, accounting and tax advisors for their input regarding the possible outcomes of any economic subject matter discussed herein.