

## ***Two dimensions***

The transfer process is two dimensional, meaning it has a dimension relating to the transfer of management and a dimension relating to the transfer of ownership.

**A successful transfer addresses each of these dimensions with equal care and precision.**

The players who act and interact in the evolution of these two dimensions are the current owner-manager (or the assignor) and the potential successor (an individual or a group, members of the family or the business, or a third party).

Each dimension is divided into four steps that each contains specific tasks. These steps are set out in the following pages.

The duration of each of these steps varies depending on the circumstances. For example, in the case of a transfer outside the family that does not involve company management, the transfer of management usually occurs quickly. In the case of a family succession, the family and the company are veritable incubators for the successors. Typically, in these cases, the process begins early, during the successor's youth, and the owner-manager and the successor evolve over a longer period of time, side by side in the company.

Even though the process is divided for planning reasons into two separate dimensions that evolve more or less in parallel to each other and at varying speeds, the actions taken in the transfer of management will enrich those taken in the transfer of ownership and vice versa.

### **Transfer Process – Owner-manager's point of view**

	<b>Transfer of management</b>	<b>Transfer of ownership</b>
Step 1	Thinking about how to maintain continuity	Choosing a model for transferring ownership
Step 2	Choosing and training the successor	Consulting experts
Step 3	Period of co-management	Choosing from the available solutions
Step 4	Owner-manager's exit	Concluding the agreement and implementation

### ***Transfer of Management***

- During the first step, the owner-manager starts to think about the possible scenarios for ensuring the continuation of his company. Some start this very early, others, much later.
- During the second step, the owner-manager specifies the criteria for choosing the successor(s) and identifies them. He establishes a plan to train the successor and executes it.
- While co-managing, the owner-manager and the successor evolve together within the company to achieve the transfer of knowledge, skills and power.
- Over the course of the fourth step, the exit, the owner-manager slows down his activities and then retires either progressively or completely, depending on his interests and capacities.

## **Transfer of Ownership**

- During the first step, the current owner tries to determine a suitable ownership transfer model: for example, in the case of a family succession, will the children who do not work in the company receive the same number of shares? If it is a transfer outside the family, will the owner-manager retain shares?
- The second step is called consulting experts because the financial and tax issues in the transfer of ownership are important and often complex.
- Over the course of the third step, the various solutions are examined in light of the advice from the experts, the possibilities, and the constraints that prevail in the circumstances. Then decisions are made. A timeline is agreed upon.
- The fourth step is concluding the agreement and implementing the decisions. Signing the documents sets the transfer of ownership in motion. This step could take several years or be completed very quickly.

### **Transfer Process – Successor’s point of view**

	<b>Transfer of management</b>	<b>Transfer of ownership</b>
Step 1	Thinking and deciding to take over a company	Thinking about a transfer of ownership model
Step 2	Training the successor	Consulting experts
Step 3	Period of co-management	Choosing from the available solutions
Step 4	Owner-manager’s exit	Concluding the agreement and implementation

## **Transfer of management**

- During the first step, the successor(s) are first familiarized with entrepreneurship. The familiarization could come in the form of working in a family company or in another context: a choice in training, for example, or maybe a work experience. It is also the step during which the decision to take over a company is made.
- During the second step, the successor puts in place the strategies that will allow him to gain the skills and knowledge necessary to take on his new role.
- During the period of co-management, the owner-manager and the successor evolve together within the company to achieve the transfer of knowledge, skills and power.
- Over the course of the fourth step, the owner-manager’s exit, the succession team finds itself alone in running the company. The team is now responsible for keeping the company going and for its growth. It is possible that the owner-manager maintains a certain presence in the company, depending on his skills and capacities and the needs of the company.

## **Transfer of ownership**

- During the first step, the future acquirers think about a suitable ownership transfer model. For example, in the case of a family succession, the potential successors participate in the discussions about the shares that each of the children, including those who do not work in the company, will receive. If it is a succession outside the family, the successor will ask the current owner-manager if he intends to retain shares.



- The second step is called consulting experts because the financing and tax issues are important and often complex.
- Over the course of the third step, the various solutions are examined in light of the expert advice received and the possibilities and the constraints that prevail in the circumstances. The parties agree on a financing model. A timeline is also agreed upon.
- The fourth step is concluding the agreement and implementing the decisions. Signing the documents sets the transfer of ownership in motion. The process can take several years or happen very quickly.