

Succession Planning: Protecting the Future Your Business

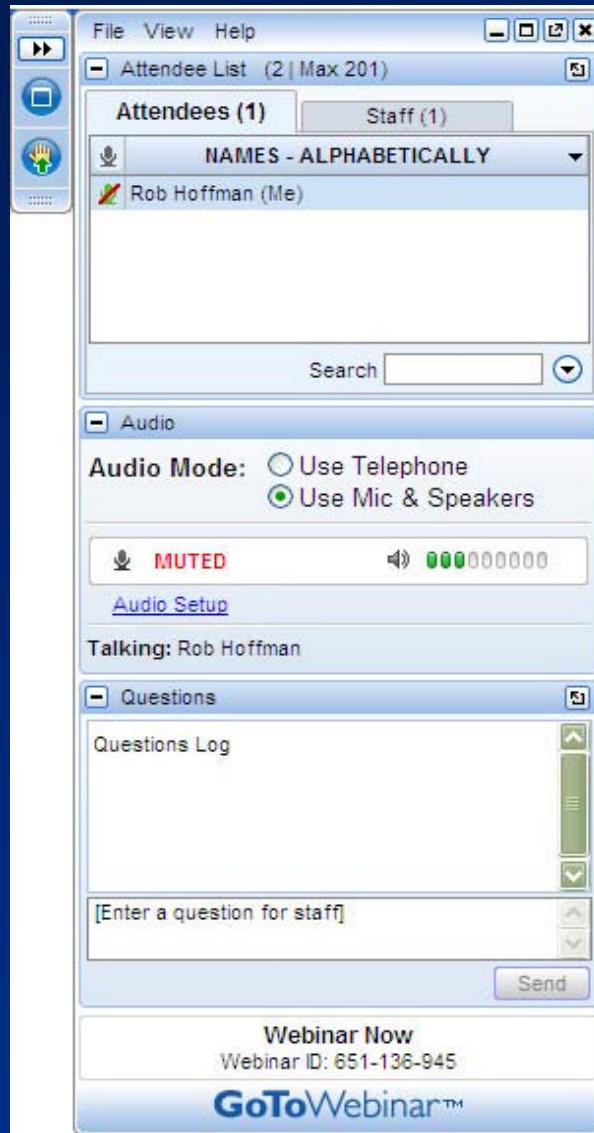
Thursday, June 18, 3 p.m. EDT

Allen Phibbs, CPA

Keith Ely & Associates

J. Chris Martens

Martens & Associates



Moderator



Denise Rondini
Editor
Successful Dealer

Allen Phibbs, CPA

Keith Ely & Associates

About Keith Ely & Associates

- Professional advisors focused solely on the heavy duty truck industry
 - Seven professionals in firm
 - Over 220 years of combined heavy truck experience
- Focus on the total operations of the dealership, not just one department
 - Providing services to the industry for 12 years
 - Have worked with over 300 dealers in either advisory and/or classroom setting

ORGANIZATIONAL TRANSITION PLANNING

BUILDING FOR THE FUTURE

Why Transition Planning?

- Builds Loyalty
- Identifies Recruiting Needs
- Creates Motivation
- Ensures Confidence
- “Stakeholder” Value

Continuing the Business

- Identify Key Management Positions
- Fill Key Positions
 - Current leaders/employees showing leadership potential
 - Hire from outside
- Motivate
- Train
- Communicate

Training

- Now is the time to invest in your people.
 - Typically the last to be budgeted and the first to be cut.
- People need skills
 - Technical
 - Organizational
- Training builds trust, loyalty, confidence (competence)
- When the economy/your market returns, will your people be prepared?
- When you are ready to “sell”, will your business be ready?

Who, What, & When of Transition Planning

- HR Manager / Designee Responsible
- Coincide with Annual Business Plan
- Ownership approval
- Periodic Review

**General Manager
Bob Martin**

R
**Manager
George Jones**

**Used Truck Sales
Manager
Bill Miller**

**Service
Manager
Chuck Wood**

**Parts
Manager
Jeff Smith**

**Body Shop
Manager
Zack Painter**

Right: R = Ready replacement for someone else

New Truck Sales Manager

George Jones

Tom Clark

Sara Firestone

New Truck Sales Manager	Date of Last PA	E-M-B	Present Assignment	Date Assigned
Tom Clark	1/09	E	Vocational Sales Manager	8/99

Experience:	<u>Yrs.</u>	<u>Mos.</u>
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John Deere		
Outside Parts Salesman	4	6
Equipment Sales Manager	5	8
Your Co. Name		
Used Truck Salesman	2	
New Truck Salesman	5	8
Vocational Sales Manager	3	

Education/License / Language:

University of S. Carolina	
BSBA	1982
ATD Academy	1989
OEM Certified	2000
Spanish	Fluent

	<u>Yrs.</u>	<u>Mos.</u>
<i>Your Co. Name Total</i>	10	8

New Truck Sales Manager	Date of Last PA	E-M-B	Present Assignment	Date Assigned
Tom Clark	1/09	E	Vocational Sales Manager	8/99

Strengths:

- Respected**
- Selects talented staff**
- Results oriented**
- Develops/builds teamwork**
- Product Knowledge**

Areas for Improvement:

- Understanding balanced scorecard**

Development Plan:

- Understand balanced scorecard**

Career Path:

General Manager

Relocatable:

Y

	Date of Last PA	E-M-B	Present Assignment	Date Assigned
Jeff Smith	1/09	B	Parts Manager	8/89

Experience:	<u>Yrs.</u>	<u>Mos.</u>
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Smith Diesel		
Mechanic	4	6
Service Foreman	5	8
Your Co.Name		
Service Foreman	2	
Parts Counter Person	3	8
Parts Manager	19	11

Education/License / Language:	
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G.E.D.	1972
Cook County Community College	1973
Various Manufacturer Training	1982-85

	<u>Yrs.</u>	<u>Mos.</u>
Your Co. Name Total	25	7

	Date of Last PA	E-M-B	Present Assignment	Date Assigned
Jeff Smith	1/04	B	Parts Manager	8/89

Strengths:

**Long-term Employee
Knows the Market**

Areas for Improvement:

**Resists New Technology
Consistently Misses Parts Incentive
Old & Traditional Concepts**

Development Plan:

Job Re-assignment

Career Path:

None

Relocatable: No

Key Management Changes

Name	Change	Reason for Change
John Wilson	Parts Counter to Outside Parts Sales	Promotion
Bill Davis	Left Company	Joined competitor as General Manager

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J. Chris Martens

Martens & Associates

SUCCESSORSHIP:

The Art or Practice of Taking the Place of Another by Succession; to Follow in Ones Footsteps and Assume the Rights and Duties.*

* Martens and Associates
Glossary

Successful Successorship

1 st Generation to 2 nd	25% to 30%
2 nd Generation to 3 rd	10% to 15%
4 th Generation < 10%	

Five Factors for Success

1. Have a genuine DESIRE to pass the family business to your heirs, and the next generation

2. COMMUNICATE that desire to all family members and business stakeholders.

Successful Successorship

3. **Plan** a strategy for completing the transaction over a set period of time
4. **IMPLEMENT** the agreed upon plan and keep business and family members informed as the plan evolves.
5. Utilizing **OUTSIDE ADVISORS** to assist you and act as neutral independent third party advisors to the family business enterprise.

WEBINAR POLL

- Do You have a Formal Succession Plan in Writing for Your Business?
 - Yes NO

Please use your polling button now

Family Business Audit

- 1. The owner(s) have updated their wills in the last 12 months?

Y N DK

- 2. I have had an overall physical in the last 12 months?

Y N DK

Family Business Audit

- 3. A Successor has been selected who will run the business in case of retirement, disability, or death?

Y N DK

- 4. The Successor knows they have been selected?

Y N DK

Family Business Audit

- 5. The Franchisor documents have been executed naming the Successor and have been sent to the Franchisor?

Y N DK

Family Business Audit

- 6. The Bankers/Creditors know the Successorship plan (in writing) and will not freeze the accounts and/or credit lines upon the owner's death or disability.

Y N DK

Family Business Audit

- 7. A “Letter of Understanding” has been signed by both Owner and Successor outlining the time frame and requirements for Successorship?

Y N DK

Family Business Audit

- 8. The Board of Directors of the Company does not “rubber stamp” the Owners’ decisions, but challenges the management in a constructive manner to improve the financial and operational issues of the business? Y N
DK

Family Business Audit

- 9. Several (more than one) competent, non-family, outside directors (or advisors to the board) are utilized to review the owner and/or family board members actions and decisions.

Y N DK

Family Business Audit

- 10. A Family Council, all family members over the age of 15 and spouses, meets on a regular basis to be advised, educated, and updated on the Family Business and the future?

Y N DK

Family Business Audit

- 11. Family members (especially non-successors) who own stock in the business have a clearly stated process to cash out their shares at a reasonable fair market value?

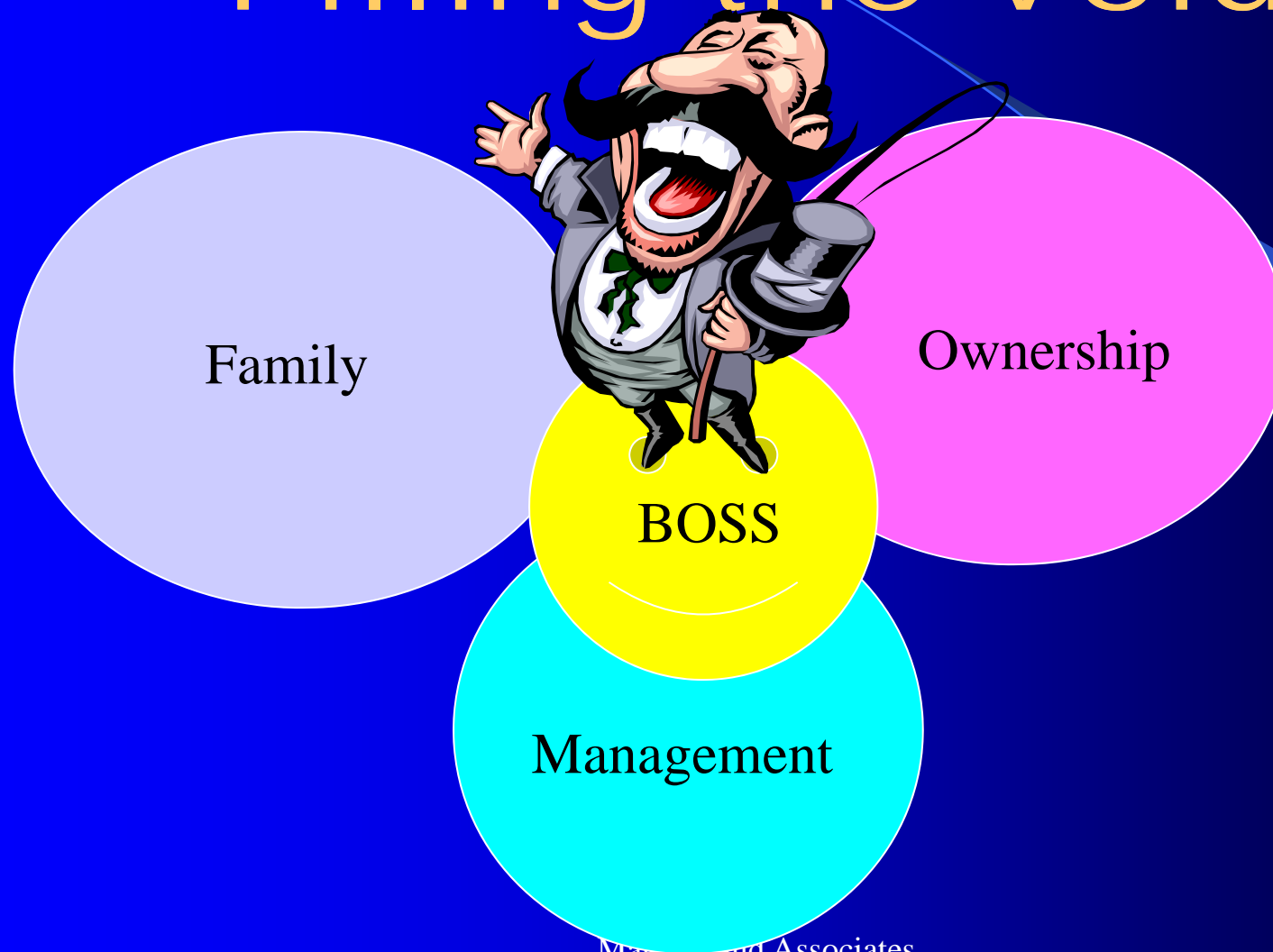
Y N DK

Family Business Audit

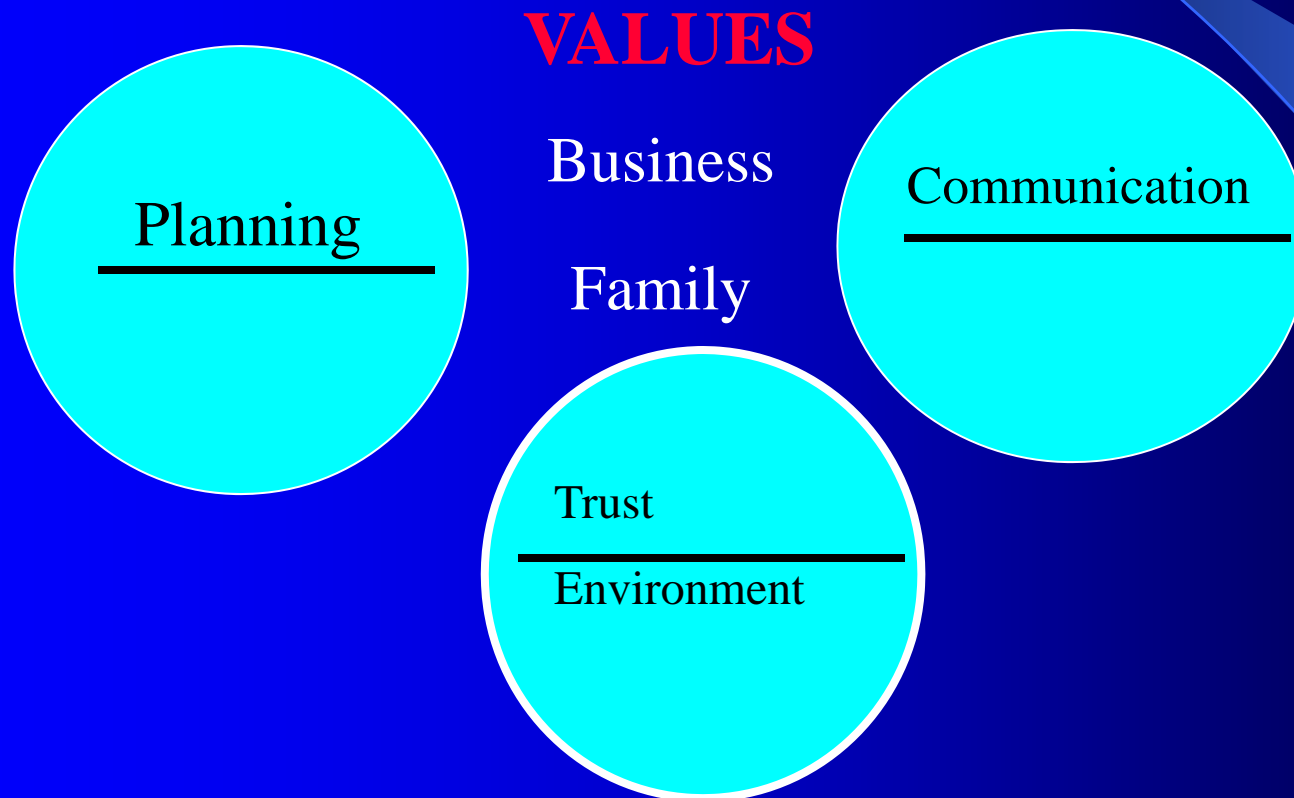
- 12. The Boss has set a retirement date and has planned activities to stay active after leaving the day to day management to the Successors?

Y N DK

Filling the Void



What Can You Do?



What Can You Do?

- Plan
- Communicate- Share the Dream
- Trust- No Fear Environment

PROACTIVE PLAN

VS

REACTIVE PLAN

Resources

- Outside Advisory Board
“Virtual Board” “Dutch Uncle”

PROS: Challenge Management
Advisors not intimidated by
being on Company Payroll
Real Review of Assets –
Utilization of Time, People,
Capital, Facilities
Work with Family on Successorship
Crisis Assistance

Resources

- Outside Advisory Board
“Virtual Board”

CONS: Must share Financials with advisors
Pay \$\$\$ out for their involvement and counsel
You may NOT want to really hear their opinion

Resources

- 3rd Party Family Business Advisor
 - Works with “Whole Family System”
 - Lightning Rod for “ISSUES” that are under the table – (the elephant)
 - Gain commitment and implement an Action Plan with accountability
 - Independent Advisor – Neutrality must be maintained for the “whole”
 - Can assist the family in crisis -

Resources

- Establish a Family Council
 - Educate all family members about business – your Family Business
 - Safe Forum to raise “Family issues”
 - Unfiltered Information for everyone
 - Forces Planning and Communication
 - Use as a basis for Family Charitable Foundation
- Teamwork vs Competition

Critical Issues for Family Business Future

- Succession Plans
- Estate Plan – Equity Transfer
- Compensation Plans
- Ownership Plan for Non-Successors
- Entry into Family Business
- Accountability and responsibility

Critical Issues for Family Business Future

- Wills and Trusts
- Living Will – Medical Directives
- Release of Medical Information
- Durable Power of Attorney
- Irrevocable Life Insurance Trust
- Long Term Care Insurance
- Disability Insurance

Resources

- Update Your Business Continuation and Wealth Preservation Strategy.
- Plan Your Succession and Communicate to Your Stakeholders
- Mentor Your Successor

Successful Successorship

J. Chris Martens, CFP

Martens and Associates

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THANK YOU



COMMERCIAL TRUCK WARRANTIES

Medium to Heavy Duty • Class 3-8

**Setting the
New Industry Standard for
Used Truck Warranties**

Looking for that last piece to the
Warranty Puzzle?

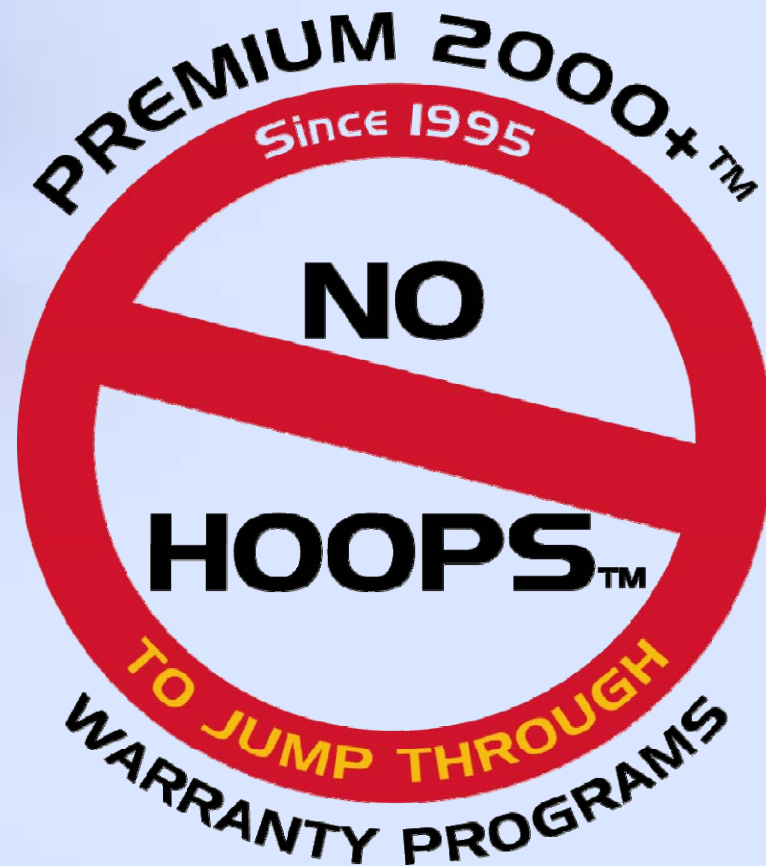
We have the piece that fits!



We are
Premium 2000+™

Serving over 700 Dealers
in the United States and
Canada with Class 3-8
Engine, Transmission,
and Driveline Warranty
Coverage Plans

Premium 2000+™ is
The **Original** “No Hoops”
Used Truck Warranty Provider





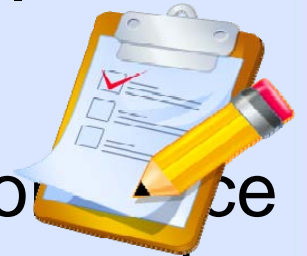
A quick overview:

- ✓ No Outside Inspections
- ✓ No Dyno Tests
- ✓ No Costly, Time Consuming Additives
- ✓ Wear Out Failure Coverage Included
- ✓ Driveline Coverage For Term of Entire Contract (doesn't drop off after 1st year)
- ✓ Turbo, Injector, and Water Pump Coverage option available
- ✓ No inspection forms to send in

“DARE TO COMPARE!”

Easy Inspection & Qualification Process

- ✓ Inspect covered components for trade terms (Check all housings & check for fuel, oil, & coolant leaks).
- ✓ Document and repair any defects.
- ✓ Change the oil and filter/s.
- ✓ Road test unit and check for performance issues, knocks, misses, vibrations, and abnormal noises



That's it!



Coverage Options

➤ Class 3-4

- 12 month/35,000 miles
- 24 month/70,000 miles
- Eligible Trucks: 2000 or newer/up to 75K miles

➤ Class 5-7

- 12 month/50,000 miles
- 24 month/100,000 miles
- Eligible Trucks: 2000 or newer/up to 250K Miles



Coverage Options (continued)

➤ **Class 8: Benchmark Program**

- 12 month/100,000 miles
- 18 month/150,000 miles
- 24 months/200,000 miles
- Eligible Trucks: 2000 or newer/miles under 900,000

➤ **Class 8: Pinnacle Program**

- 36 months/ up to one million miles
- Eligible Trucks: 2004 or newer/miles 650,000 or less



➤ **Wrap Option Available on All Classes**

➤ **Turbo, Injector, and Water Pump Option Available on All Classes**




WRAP Option

WRAP allows you to put one of our warranties on a truck with an existing qualified warranty and our warranty will begin when the existing warranty runs out. Seamless to you and your customer!

Turbo, Injector, & Water Pump Option

Turbo, Injector, and Water Pump coverage available for 1st 12 months and corresponding mileage of the Class coverage you select.



“Dare to compare!”

Discounts available to dealers

1. UTA Member discount
2. Logo Use Discount
3. Premier Dealer Discount

When you take advantage of all the discounts that are available to you, *our warranty is the most cost effective on the market today!*

ER\$A Program



An additional program that our high volume dealers can participate in is our

ER\$A Plan.

Dealers enrolled in this plan can earn future income off reserves set aside from each warranty program sold by their dealership. Payouts on this plan are based on volume and loss ratios. More detailed information is available upon request.



Anyone can build a chart!

The question is:

*“Is the information
presented a true and
accurate representation
of the facts?”*

Inaccurate Information Can be Confusing!





Check the Facts!

As you put the puzzle pieces together you might want to check the accuracy of some of the information being presented on some charts and statistics being bandied about by our competitors!

These imitators of our product put out some confusing and very misleading information.

We trust that when you do *"Dare to Compare"* the truth will overwhelmingly lead you to choose us as your warranty provider.

Take a close look at the facts and see
that with Premium 2000+™, the
PIECES OF THE PUZZLE ALL FIT.





Signing up is only the Beginning!

We provide the best dealer support
in the business.

- ✓ WebEx internet based training specifically for your dealership
- ✓ Banners and signage
- ✓ Brochures, all contracts, and forms
- ✓ 24/7 Claims Line
- ✓ Excellent Claims Response
- ✓ Excellent Customer Service Staff

Please Contact Us for Complete Details!

This is an overview of our truck and tractor warranty programs and is not meant to cover all of the details. It is designed to give you a solid basis of understanding.

For further information, and to sign up to become a member of our growing Dealer Family, please contact us.

800-261-7581



Questions?



Join us for our next webinar:

Leveraging shop technology
Tuesday, July 28
3 p.m. EDT

Register at:

www.tpswebinars.com or **www.sdwebinars.com**