SUCCESSION PLANNING AND THE "SILVER TSUNAMI"



In this guide we'll discuss why early preparation matters.

THE WAVE IS BUILDING.



WHAT IS THE "SILVER TSUNAMI"?

The Australian Small Business and Family Enterprise Ombudsman reports that over 20% of SME businesses in Australia are owned by the over 60s.[1]

In recent years, many founder-led businesses have delayed succession – hoping a family member might step up or that a buyer might magically appear with a generous offer.

The M&A community is preparing for a surge of founder-led business exits from owners in their 50s, 60s and beyond. This is expected to fundamentally reshape the SME and mid-market landscape.

With more businesses coming to market in the coming years, buyers will increasingly get to name their price.

1. WWW.ASBFEO.GOV.AU, JUN23.



PREPARATION TO PRESERVE LEGACY

Thoughtful succession planning ensures a smooth transition of both business and wealth across generations.

Clarifying shared values and mission gives future generations a framework for stewardship rather than consumption.

Identifying and developing successors - whether family or not - with the right skills, experience and external support protects the legacy.

Proper planning allows for the implementation of legal and governance structures that protect assets from mismanagement, litigation and potential future relationship breakdowns.



MULTI-GENERATIONAL PROSPERITY

"Someone is sitting in the shade today because someone planted a tree a long time ago."
- Warren Buffett

A well-structured exit converts illiquid value into capital that, when properly managed, can support the family for generations.

Sale proceeds can establish a family investment arm aligned with the next generation's skills, interests and market opportunities.

Robust succession planning combined with strategic M&A enables founders to break the traditional cycle of wealth creation followed by decline and instead build a foundation for genuine multi-generational prosperity.

3-2-1 A ROADMAP TO SALE

The 1-3 years before a succession event are where enterprise value is built. The aim is to improve both the profitability and professionalism of the business to deliver a compounding effect on value.

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3 YEARS OUT - DIAGNOSE AND STRUCTURE

1. Value Gap Analysis
Identify gaps between current state and optimal exit condition - financial, structural and operational.

2. Ownership & Tax Structuring
Restructure shareholding, entities and trust arrangements before deal discussions begin.

WHO TO CALL? DEAL EXPERT, LAWYER, ACCOUNTANT

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2 YEARS OUT - BUILD AND DE-RISK

3. Earnings Quality & Adjustments
Build three years of high quality financials with consistent accounting policies.
Remove one-offs and related-party transactions.

4. Key Person Risk
Build a management layer that can run the business through a transition.

5. Customer Dependency Risk
Reduce customer concentration, extend and formalise key contracts, address any IP, licensing or regulatory exposures.

WHO TO CALL? LAWYER, ACCOUNTANT, HR EXPERT

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1 YEAR OUT - POSITION AND PREPARE

6. Growth Story
Build and evidence the growth pipeline - new contracts, market expansion, margin improvement that justifies a premium multiple.

7. Sale Document Compilation
Compile the Information Memorandum, data room and financial model.

8. Complete the Sale
Go to market, negotiate terms and complete.

WHO TO CALL? DEAL EXPERT, LAWYER, ACCOUNTANT



We’re here to help you get Fit to Transact.

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