

BUSINESS SUCCESS

Improving the lives of our clients

Carthy
Accountants

JULY 2023

WHERE IS THE WAY OUT?

- Succession
- Pension Strategies
- Book Club
- Carthy Club
- Exit Strategies

"There must be some way outta here" Bob Dylan

PLANNING THE FUTURE NOW

Succession planning is an integral, but often overlooked, aspect of small business management. It involves strategically identifying and developing potential leaders to ensure continuity during transitions.

Given the tight-knit structures of small businesses, a leadership change can pose significant operational challenges. A comprehensive succession plan is therefore critical for future-proofing your business.

We went through that planning process three years ago when Rupert decided to retire and hand the business on to me. We learned a great deal during that time, particularly as we are a family-run business. My dad, Rupert and I share some of our thoughts and insights on page 3.

Of course, exit planning is not just about handing on your business to a new leader. Securing your own financial future requires professional help with pension planning, asset management and investments. Getting the most from your pension strategy starts way before you retire and I recommend putting some thought into your retirement years as soon as possible. Our article on page 4 is a good place to start!

Finally, if you know us then you know how much we value community. This month we started a campaign to raise funds for the installation of a public defibrillator in our part of Stafford. If you can support us in any way then see page 7 for our fundraising plans.

Thinking ahead isn't just an insurance against unforeseen events; it's a roadmap for stability and growth. We are here for you and your business, whatever stage it is at!

“ Exit planning is not just about handing on your business. ”



Michael Carthy
Managing Director



SUCCESSION

It's not just a TV show!

Aaron Taft talked with Rupert and Michael Carthy about their own experiences of exit planning and succession.



Rupert, how did you feel about letting go of the reins?

It was quite easy for me. I'd been planning it for eight years and had brought Michael in with succession in mind. Michael and I had worked very closely during those years, so I was totally confident that I had left the business in a safe pair of hands.

Michael, how did you feel about taking over the company?

There was a lot of trepidation at the start as Rupert had built such a solid business, however, I knew that due to his guidance in the transitional phase, he was leaving me and the team in a secure place.

Rupert, have you looked back?

Only from the plane window! I knew it was the right time for me to step back as I wanted to fulfil my ambitions by spending more time on holiday exploring the world and working less. When the time came for me to leave, I knew I had the right things in place and as a result, I was able to walk away confident of the firm's future success.

Michael, having worked so closely with Rupert for such a long time, how does it feel now you're flying solo?

Initially, I won't lie, it felt lonely as we had been each other's co-pilot, but as we shared the same core principles, the culture for the team and the clients have remained constant. It is always hard to take on the lead role, particularly when he had such respect from the team, the

clients, and the business community, but because we had planned everything very carefully, the transition has been smooth.

Rupert, are you happy in your retirement?

The most important things in deciding to retire are knowing when is the right time to do it, and making sure you can afford it. Negotiating an appropriate deal on exit can be a challenge, and just because it's family, it doesn't mean you are not able to capitalise on the hard work you've put in over many years in building a sound business.

Michael, do you feel you got a good deal?

Yes, I was taking over a fantastic business at the right time and a fair price.

Rupert, where do you see the business going?

Onwards and upwards. I know it will continue to develop which is hugely important as nothing stands still for long. Technology now plays a key role in all our lives and the business is already light years ahead of many of its local and national competitors. I know Michael will flourish because, as he said before, we share the same core principles.

Any final words of advice?

Rupert - it's never too early to start planning your exit but leave it flexible.

Michael - trust your instinct, take good counsel, have a good team around you, and be bold!

FACT!

80% of UK businesses fail to sell.

Source: evolutioncbs.co.uk

GET THE MOST FROM YOUR PENSION STRATEGY



Have you adequately planned out your retirement years?

Your employees will automatically be enrolled into a workplace pension scheme. But for directors, partners and sole traders, there's no mandatory requirement for you to set up your own pension scheme. When it comes to planning your pension, the buck stops with you.

Here are some of the main questions you're likely to have about your retirement planning:

Why do you need a good personal pension strategy?

With a good pension scheme behind you, you'll be able to retire and live out your plans for later life, without having any unnecessary worries about your finances.

How should your pension work?

- You'll make regular monthly contributions into your plan. This money will then be invested over time to (hopefully) create a bigger pot of money for retirement.
- When you reach retirement age you'll have a lump sum of money in your pension. It's your decision what you then do with this money. You can; take all or some of it as cash; buy a product that gives you a guaranteed income (annuity); or invest in a fund to get a regular, adjustable income (flexi-access drawdown).

Should you choose a workplace pension or a personal pension plan?

If you don't have any automatic pension provision, you have two main choices:

- Workplace pension – you don't have to worry about choosing the right investment plan or making regular contributions. You just enrol in the company scheme and that side is all taken care of for you.
- Personal pension – you can choose the type of investments that best suit your needs and goals. You also have the option of withdrawing from the scheme at any time without incurring any penalties.

What should you consider when choosing a pension plan?

Choosing the personal pension scheme route gives you options. But there are a few key questions you need to think about before making any decisions on a provider.

1. How big will your contributions need to be?

Your pension pot needs to supply enough money to help you maintain your desired lifestyle in retirement. That means making monthly contributions that are big enough to generate the income you want for the rest of your life.

2. What are the rules for withdrawing your money?

Most pension schemes won't let you draw on your funds until you've reached at least 55. Read the small print to know when you can and can't access your money.

3. How are your investments managed?

Pension providers will usually provide regular updates on your investment performance. Make sure you know how your funds are being managed, and where your investments are.

Could your pension be part of your tax planning?

Putting cash into your pension plan makes good financial sense at any point, but pension contributions are also a useful tool when it comes to your tax planning too. Any money you pay into your scheme is liable for tax relief. You get the double whammy of saving for your future and cutting your overall tax liability for personal income tax.

Do you need an independent financial adviser?

If you need advice to help you choose the right pension scheme, provider and investments, speak to an IFA.

We can help with your tax planning questions, but only an IFA or a certified pensions specialist can give you professional advice on your pension choice.

We can help you look at the tax implications of contributing to a pensions scheme. We can also introduce you to the best IFAs and pensions advisers.

'They've given us absolutely superb advice.'

Selling a business requires strategic planning to maximise returns. It involves improving profitability, organising financial records, addressing issues, and valuing the business accurately. Our client, Ken Birch of Fire and Evacuation Ltd was looking to sell his established business. We helped Ken value his company and then find the right buyers to take it over.

“ Their service and attention to detail has been excellent. ”

Ken Birch, Fire and Evacuation Ltd.

Discover how Carthy Accountants can help you:
info@carthyaccountants.co.uk



FACT!

Over one-third of the working population in the UK does not know where their pension money is invested.

Source: optionspensions.co.uk

CARTHY BOOK CLUB

THE SMARTER EXIT CLIFF SPOLANDER

A STRATEGIC PLAN TO SCALE AND EXIT YOUR BUSINESS.



Many business owners struggle to sell or exit their businesses successfully, leaving them financially vulnerable and with limited options for the future. Having a clear exit strategy from the start is crucial for business growth.

The Smarter Exit offers a world-class Value Creation framework consisting of four phases. These ensure your plans are secured and financially sound.

The first phase involves assessing and optimising your business's value by analysing its financial health, market position, and growth potential.

Phase Two focuses on planning and preparing for the actual exit,

considering different options such as selling to a third party or transferring ownership.

The third phase is about executing the exit strategy, including marketing the business, negotiating with potential buyers, and managing the transition.

The final phase supports you in the post-exit stage, helping with financial planning, wealth management, and personal development.

The Smarter Exit understands that exit planning is essential for a successful business strategy. By providing a comprehensive framework, business owners can secure their plans and achieve a successful exit.

We have a few copies of The Smarter Exit. If you would like a copy, contact info@carthyaccountants.co.uk. Once they're gone, they're gone!

Carthy Club

CONNECT COLLABORATE COMMUNITY



We held our British Summer Fete Carthy Club earlier this month. With amazing food from Jason Grant at GG's, Giant Jenga, Pimms and Lemonade, and Scones with Jam & Cream, it was a great evening with over 50 local business owners connecting and collaborating.

The star attraction, however, was the set of medieval stocks, which Aaron and Michael both spent time locked inside, allowing attendees to throw wet sponges at them with a donation to the defibrillator fund.

Clearly, a lot of people saw this as an opportunity to get their own back on the two of them, as we raised an amazing £664 on the day.

Thank you to all who attended, and if Carthy Club sounds like an event you would be interested in attending, please let us know and we can add you to the invite list. The next event is September 8th (see p7).

info@Carthyaccountants.co.uk

Team News



Our annual team day last month finished with a visit to Escape Nation in Stafford. Both teams successfully escaped within the hour-long timeframe, but the victorious team managed it with a massive thirteen minutes left on the clock!

Our Business Development Executive Aaron also celebrated his 26th birthday earlier this month.

FUNDRAISING FOR A **DEFIBRILLATOR** ON EASTGATE ST.



For the next twelve months, the team are taking part in a fundraising initiative to install a defibrillator outside our offices for the eastward end of Eastgate Street. With the nearest two currently being half a kilometre on either side of the office, at the Leisure Centre and the Gatehouse Theatre, we saw a potential issue if a defibrillator was needed near us.

Our target is £1500, and any money raised over that amount will go towards further defibrillators in the Stafford area.

We have several fundraising opportunities lined up, and as you will see in the Carthy Club section, we got off to a flyer with our first one.

The following events will take place to raise further funds before the end of the year:

- Stafford 10K – 8 members of the team are in training to run the Stafford 10K on 24th September.
- Carthy Golf Day – 22nd September at the Castle Golf & Leisure, followed by an event in the clubhouse.
- Christmas Raffle – Hosted at this year's Christmas Carthy Club. If you can donate prizes, please let us know.

**£727
raised
so far!**

justgiving.com/crowdfunding/carthy-accountants

#morethanaccountants #carthydefib

Looking for the Exit?

Owning a business can be brilliant, but you might not want to do it forever.

Whether you're ready to retire, want to cash up, or just need a break, at some point, you will probably want to move on from your business. Even before that time comes, you'll need a plan for stepping back.

OPTIONS FOR STEPPING BACK

Think about what kind of future you would like with your business. Do you want to step away completely or stay involved?

Exiting a business can take different forms, such as:

- Selling
- Closing down
- Passing down some, or all, of the business to a family member
- Handing on some responsibilities to other team members while retaining a role
- No longer working at the business but retaining some ownership

WHY IS AN EXIT STRATEGY IMPORTANT?

Stepping away from your business can be a complex process. You don't want to be rushed or pressured when you start this process. You need to have an exit strategy, also known as a succession plan, so you can step back in the way that best suits you.

“ You should talk to other people who might be involved, like family or senior team members. ”

Having a plan in place means you can maximise your sale price, and it helps with a smooth transition to the new owner. With time to get yourself organised, you can also support a new owner to borrow, or 'earn out', the purchase of your business.

HOW TO CREATE A SUCCESSION PLAN

The closer you are to exiting your business, the more detailed your succession strategy needs to be. Your plan will vary depending on your situation, but it should include written goals, a list of assets with their values, and a timeframe. You should also talk to other people who might be involved, like family members or senior team members.

You'll also need solid advice – from us and your solicitor. If you're thinking about stepping back, we can help talk you through the options, calculate the potential value of your business, and get a succession plan in place. Get in touch! We'd love to hear from you.



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Every client matters