

Business Transition Planning Survey

Results of a survey of City of Nanaimo Business Licence holders regarding business exit strategies and succession planning. Survey developed in Partnership with Community Futures.

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Background

In 2006, the Canadian Federation of Independent Businesses received over 9,000 responses to a survey of its members and found that one-third (42% in British Columbia) of business owners plan to exit their businesses within five years, and two-thirds plan to exit within ten years. Retiring baby-boomers are the main reason for this emerging era of succession. In Nanaimo, age distribution figures from the 2006 Statistics Canada census indicate that a large portion of the population is heading towards retirement age, making it all the more important for business owners to consider how they will exit their businesses.

To get a better understanding of how this transition period will impact the over 5,400 registered businesses in Nanaimo, the City of Nanaimo sent out a survey to all business licence holders, enclosed with their City of Nanaimo 2008 business licence renewal notice. This project has been undertaken by the City of Nanaimo's Economic Development Office in partnership with Community Futures of Central Island, and is one of the components of the BusinessBEST project launched for 2008.

Business succession planning is one of the most important aspects of business planning because the worth of a business can be directly linked to how well a succession plan is prepared. In a period in which thousands of people are looking at Vancouver Island as a desirable place to relocate, coupled with a trend from employment to self-employment, the age of succession represents a tremendous opportunity for both buyers and sellers of businesses in this community.

The principles of staging a business for sale are easy concepts to understand, but knowing all the implications, tax and otherwise, is another matter. The City of Nanaimo is taking a proactive approach to ensure that the business community is properly informed and has adequate services in place to support businesses in transition. The results from this survey will assist the BusinessBEST team in developing the resources required for the community's succession planning needs.

Process

The survey was mailed out to City of Nanaimo Business Licence holders, along with their 2008 Business Licence renewal form. A copy of the survey is attached as Appendix A. The results included in this report represent the 499 surveys that were returned by the submission deadline of January 15, 2008. This survey is not meant to be scientific, but merely an opportunity to gauge the level and availability of resources that will be required in the community over the next several years.

Outcomes

The Economic Development Office received 499 completed surveys which represents almost 10% of the active business licences in the City of Nanaimo. The survey includes 11 multiple-choice questions, four of which also allow for open-ended comment, and one open-ended comment question. The results of the multiple-choice questions are displayed as graphs in this report. All comment responses to the survey are confidential to this office for planning purposes and as such, will not be included in this report or otherwise made public.

Next Steps

The BusinessBEST interview team will be contacting all respondents who answered “Yes” to Question 13 which asked, “May the Economic Development Office staff call you for a BusinessBEST interview to better understand the issues impacting your business?” Interviews will be an opportunity for business owners to discuss the issues that impact local business. It is also an opportunity for the BusinessBEST team to refer business owners to the experts and professionals on the BusinessBEST Response Team and those who offer appropriate services with the Nanaimo business community. All interviews and responses are confidential and members of the Response Team have signed confidentiality agreements.

This report will be available to any interested parties and will be posted on the City of Nanaimo’s website at www.nanaimo.ca on the Economic Development Office’s homepage by March 2008.

For persons requiring further information on this survey or on the BusinessBEST program, the following contact information is available:

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This report has been produced by the Economic Development Office of the City of Nanaimo. While we have made every effort to ensure that the information provided is correct, we cannot guarantee the accuracy of the source data.







The information contained in this report and the survey outcomes are not intended to replace the comprehensive research, financial planning and investigative activities of a full business transitioning exercise.

Survey of Licensed Nanaimo Businesses


1. To avoid duplication and to ensure the accuracy and integrity of this survey, please enter your business license number:

	Response Count
	483
<i>answered question</i>	483
<i>skipped question</i>	16

2. What is your age group?

	Response Percent	Response Count
Over 65 	8.7%	43
60-65 	14.4%	71
55-59 	17.2%	85
50-54 	18.5%	91
45-49 	16.6%	82
44 and under 	24.5%	121
<i>answered question</i>		493
<i>skipped question</i>		6

3. How long have you owned your current business?

	Response Percent	Response Count
Less than five years 	29.4%	146
6-10 years 	16.9%	84
10-15 years 	21.8%	108
15-20 years 	13.9%	69
20+ years 	17.9%	89
<i>answered question</i>		496
<i>skipped question</i>		3

4. Do you sell:			
		Response Percent	Response Count
Product(s)		10.7%	51
Service(s)		59.5%	283
Both product(s) and service(s)		29.8%	142
<i>answered question</i>			476
<i>skipped question</i>			23

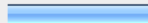

5. When do you intend to exit your business?			
		Response Percent	Response Count
Within five years		26.3%	129
In 6-10		21.4%	105
10+ years		19.0%	93
Intend to continue operating my business into my 60s		33.3%	163
<i>answered question</i>			490
<i>skipped question</i>			9

6. Why do you intend to exit your business?			
		Response Percent	Response Count
Retirement		80.0%	343
Pursuing another business opportunity		8.4%	36
Taking employment in another business		1.4%	6
Other - - please explain further below...		10.3%	44
<i>answered question</i>			429
<i>skipped question</i>			70



7. How do you intend to exit your business?

	Response Percent	Response Count
Sell to family member 	3.2%	14
Sell to non-family member 	34.5%	152
Transfer to family member 	10.2%	45
Transfer to non-family member 	2.3%	10
Sell to another franchisee 	3.2%	14
Close the business down 	31.8%	140
Other - please explain further below... 	14.8%	65
<i>answered question</i>		440
<i>skipped question</i>		59




8. If you intend to sell or transfer your business, have you identified a successor to your business?

	Response Percent	Response Count
Yes 	25.8%	92
No 	74.2%	264
<i>answered question</i>		356
<i>skipped question</i>		143






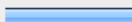


9. If No, have you begun the search for a successor?

	Response Percent	Response Count
Yes 	12.6%	34
No 	87.4%	235
<i>answered question</i>		269
<i>skipped question</i>		230



10. Do you have a transition (succession) plan?

	Response Percent	Response Count
Yes, I have a formal, written plan 	6.6%	25
Yes, I have an informal, unwritten plan 	26.9%	102
No, I haven't identified a plan 	66.5%	252
<i>answered question</i>		379
<i>skipped question</i>		120

11. Have you been assisted in preparation of a transition plan? Check all that apply.

	Response Percent	Response Count
Business partner 	13.3%	26
Lawyer 	23.5%	46
Accountant 	46.9%	92
Banker 	5.1%	10
Personal Financial Planner 	16.3%	32
Spouse 	23.5%	46
Online Internet resources (i.e. self-help websites, bank, or other financial websites etc.) 	4.6%	9
Other - please explain further below... 	31.6%	62
<i>answered question</i>		196
<i>skipped question</i>		303

13. Lastly, may the Economic Development office staff call you for a BusinessCARE interview to better understand the issues impacting your business? (We can use your business license number to arrange an interview.)

	Response Percent	Response Count
Yes 	42.1%	187
No 	57.9%	257
<i>answered question</i>		444
<i>skipped question</i>		55

APPENDIX A

(Survey sample here)