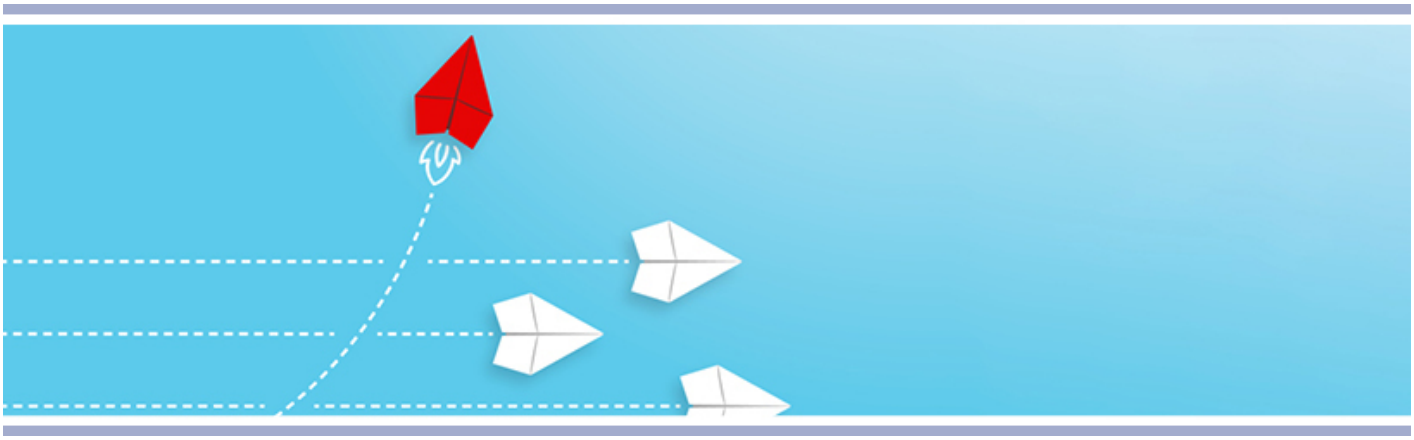
Knox McLaughlin Gornall & Sennett, P.C.
Erie • Pittsburgh • Jamestown, NY
814-459-2800 • www.kmgslaw.com



Business Succession

Pennsylvania Business Succession Planning Attorney

For most family businesses (or really any business), planning for succession is a tough and critical challenge. It is something a business owner typically does once, and failure is not an option.

Yet establishing a clear path of succession is the best way to ensure your business' long term sustainability after you transition away from day-to-day involvement. Succession planning can also be a great opportunity to create a multigenerational institution that embodies the family's values for generations to come. Or for non-family-owned entities, a lasting legacy of sound structure and organization.

Knox Law can provide guidance and counsel to help you address issues related to ownership succession, which can include estate planning, tax planning, valuation, workforce, real estate, and intellectual property. This planning can (and should) deliver lasting value to your family, your employees, and the wider community.

The Importance of Having a Succession Plan in Place

Planning for the future of a business cannot be overstated. Generally, businesses with a sound structure already have some type of plan in place, even if temporary, to maintain day-to-day operations. However, many businesses fail to implement a comprehensive long-term succession plan, taking into account a multitude of considerations for their unique circumstances and their business interests.

The lack of planning can lead to disruptions to operations, employee morale, and opportunities for growth. The ideal succession plan starts early and is implemented well ahead of an expected or planned exit; however, it is never too late to work with our business succession team.

Common Issues in Business Succession Planning

Predicting the future is impossible; planning for the future can be difficult as well. We often see business owners struggle with issues related to succession planning, including choice of successor, family member drama, outside pressures, business valuation, and more. Often, the biggest obstacle is simply making the time

to consider the options and implement the plans.

Knox Law's business succession attorneys help clarify issues, highlight legal implications, and offer options. We also work together with other advisors and/or consultants for a comprehensive team effort toward a successful transition.

No matter which option is best for your company, our team can help enable the business transfer at the lowest possible tax cost through the use of:

- Wills, testamentary trusts, and revocable, irrevocable, and grantor trusts
- Corporations, limited partnerships, limited liability companies, and other business entities
- Buy/sell shareholder agreements, installment sales
- Complex gifting plans, including voting and non-voting stock
- Charitable gifting
- Irrevocable life insurance trusts
- The MaxProtect Plan®

Succession Options For Your Business

When faced with a future or impending exit, business owners have options. The best option for your business depends on a variety of factors, including your goals, future plans, business health, and more. Knox Law's business succession team can help you determine the right path for you and your business.

Family Private Enterprise Model

A business succession option not often offered by other advisors is the possibility of retaining ownership while hiring a new president/leader and implementing (or formalizing) a professional, independent board of directors. We call this option the Family Private Enterprise Model.

The Family Private Enterprise model is often most successful when there is no clear successor for the owner. Perhaps they intended to leave the business to their child or children, but those children are uninterested, not of-age, or do not yet have the experience needed to lead the company. If there is no other clear successor within the company, an outside leader could be a good option if the correct structure is in place. Our business succession lawyers can help identify the issues and often work with consultants for recruitment efforts and more.

As noted, this model includes retention of ownership, though the current owner steps back from the day-to-day management. Perhaps they stay on in an advisory role (with coaching), or perhaps they become more of a silent owner. Regardless, this ownership value is often a smart investment for the (former) owner, especially compared to other investment options.

MORE: View webinar on the Family Private Enterprise Model Webinar with Bernstein from May 2025 (use link and enter passcode: 54962949).

Family Succession

Many family-owned businesses do have a clear succession path within their own relatives. Our business succession attorneys have helped businesses transition ownership to children, cousins, nieces/nephews, and other family members successfully. Our experience allows us to counsel business owners on structure, transition matters, shareholder agreements, and more. We often work with other advisors, including human resource consultants or coaches, to offer a full array of services for a family member succession.

Sell to Employee(s) or Existing Partner

A successful, thriving business often has a dedicated, effective workforce, including a strong management team. If there is a clear successor for future ownership (including a current partner or co-owner), the current owner can sell the business (or his/her part of the business) to that team member. The best candidate will continue to help the business prosper and ensure operational continuity. Knox Law's business succession lawyers can help structure the transition, advise on finance considerations, and more.

Employee Stock Ownership Plans (ESOPs) are another option for business succession and ownership. An ESOP is a retirement plan that allows employees to become owners of the company. Typically, company stock is held in a trust for employees' benefit, aligning their interests with the company's success while offering tax advantages to both employees and owners. Over time, employees earn shares through a vesting process and receive their value as a payout when they retire or leave the company. Owners should carefully consider the implications of an ESOP, which can be complex and requires high setup and ongoing administrative costs, including business valuation, as well as ongoing cash flow demands. Our business succession attorneys can highlight the pros and cons for a full evaluation.

Sell to an External Buyer

When a business owner wants or needs to completely exit the business (including retaining ownership as an investment) and does not have a clear successor within their family or management, selling to a third party is necessary. Knox Law's business succession lawyers can provide counsel and support throughout a sale transaction, which can be complicated, stressful, and time-consuming for all parties. Our Mergers & Acquisitions group is well poised to advise on transactions of any size, in many different industries.

See: Mergers & Acquisitions Process Overview

How Our Pennsylvania Business Succession Planning Attorneys Can Help

Business succession planning involves many factors and options. Owners need clear guidance on the legal implications of long-term planning and structure for their company. Knox Law's business succession lawyers have many years of experience counseling business owners on succession-related issues, and we work as a team with your other advisors to ensure efficient planning and open communication.

Knox Law's business succession team has worked with owners on all types of successions, including transitions to family, sales to third parties, and the unique Family Private Equity Model. We have the tools and know-how to guide your path to success.

Navigate Business Succession With Guidance From a Pennsylvania Business Succession Planning Attorney

Business succession planning can take years - it is never too early to start forming a plan, gathering important information, and setting goals. We can help you consider your options and create the most effective and efficient plan to move forward. Contact our team today to learn more and schedule a consultation.

Contact: Thomas C. Hoffman, II
814-459-2800 • thoffman@kmgslaw.com