

Dealer Planning Services
Greater Lehigh Valley Automotive Dealers Association Article Spring 2011

After overcoming a lifetime of obstacles to achieve success, it is ironic that successful automobile dealers face their most difficult challenges toward the end of their careers. Dealership succession planning and implementation have been referred to as the *“Final Test of the Entrepreneurial Greatness”*. The decisions made ultimately determine whether a lifetime of work will retain its economic, emotional and psychological value. Most dealers have no experience working through a business succession. In addition, most advisors, though well intended and technically competent, are ill-suited to guide the dealer through the difficult technical, emotional, relational and personal challenges that are intricately woven into business succession.

Dealer Planning Services, Ltd., (DPS) one of GLVADA’s longest standing affiliate members, has helped over 300 Automobile Dealers navigate the turbulent waters of Succession Planning. Co-founded by Brian Middleton in 1983, DPS initially focused on the technical estate planning and insurance related areas of succession planning.

When it comes to Succession Planning, Brian quickly discovered that this process was far more complex than a sterile business transaction. The questions that were keeping Dealers awake at night were not to be answered with Buy Sell Agreements, Wills, and Life Insurance policies. Some of these critical questions included:

- How can I begin to make myself vulnerable to the people who have been dependent upon me?
- How has my role as “boss” impacted my relationship with my children and my spouse?
- Has the business become a barrier to having truly effective relationships with my family?
- Do I have an identity outside of my role in the business?
- How would the business be governed in my absence?

As a result, in DPS created a training and facilitation process to effectively manage the non-technical barriers to succession planning.

In 2005, Dealer Planning Services, Ltd. and Compass Technology Management, founded by Keith Krenz, combined their intellectual properties to form the consulting firm of Teleos Partners, LLC. (www.teleospartners.com)

Through this partnership, a clearly defined and highly effective 4-step process was developed to specifically address the technical and non technical issues of Succession Planning.

Known as the **Teleos Process**, this methodology is a structured approach that is designed to:

1. Prepare the Dealer emotionally and financially for succession.
2. Prepare the family through training and facilitation.
3. Prepare the business itself for exit or transition.

DPS has found that only when these issues are identified and addressed can a Dealer find that right *Road to Succession*.

For more information please contact DPS at 1-800-338-5650.



The Successful

Succession Checklist

- ☐ What is the strategic written personal and professional development plan for your children in the business?
- ☐ What process was used to determine whom the successor will be?
- ☐ Has your succession plan been communicated to all members of your family and do the children not involved in the business understand how this will impact them?
- ☐ Does the planning meet the guidelines established by your *sales and service agreement*?
- ☐ Do your children have a written agreement on job positions, responsibilities, accountabilities and compensation?
- ☐ Does your spouse understand the implications that the planning process has on her?
- ☐ What are the sources of your wife's (survivor's) income and what are those sources dependent upon?
- ☐ What are the sources of your retirement income and are they independent of your successor's ability to run the dealership?
- ☐ Who will have control of the dealership real estate into the next generation?
- ☐ Is there a written criterion for the next generation entry into the dealership?
- ☐ Is there a regularly scheduled family meeting to deal with the emotional side of the succession process?
- ☐ Does your successor have a formal business plan that supports the transition to the next generation of ownership and management?
- ☐ Does your successor have a proven track record of managing large and

complex business projects that have dramatic impact on the dealership?



Can the business survive without your active participation?

Dealer Planning Services, Ltd. 1-800-338-5650

The Road to Succession

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