

Dealership Transfers – Planning for Events That Will Impact Every Dealership

Every dealership will be transferred. We can all agree on that since it is based on the same logic as the statement that every person will eventually die. But even though conventional wisdom says that you and I should develop a plan for what happens when we die, dealers don't always take the same approach to their businesses. This is ironic since the dealership is often the asset that will contribute the most value to a dealer's estate. Planning for a dealership transfer is even more important than an estate plan. One reason for this is that proper planning can help you create significantly more value for you and your family (which can then be factored into your overall estate plan). The second reason is that planning for a dealership is much more complicated than a general estate plan ... it involves many issues and can take many paths that can vary significantly by dealership. Why don't dealers spend more time planning for dealership transfers? We know that one reason is the simple fact that dealers are focused on the day to day business, making it difficult to engage in this type of strategic planning. A related factor is the complicated nature of this process and a natural fear of the unknown since this is not a cookie cutter process. In the 30+ years that Seigfreid Bingham's Equipment Dealer Practice Group has been working with dealers, we have seen most of the issues involved in dealership transfers and understand the concerns dealers have about this process. Over the next several weeks, we will post a series of articles designed to give you an overview of the core issues involved in dealership transfers and cover the following topics:

- Types of Dealership Transfers
- Role of Manufacturers in Dealership Transfers
- Planning Before a Dealership Transfer
- Rules of Road for Working Together After a Transfer
- After the Transfer: Planning for Future Transfers (or Break-Ups)

We hope that these articles will give you a framework for considering dealership transfer issues impacting your organization and confidence that you can get your arms around the issues involved with the appropriate guidance and support of your advisors.