

2025 IFA CONVENTION

LAS VEGAS, NV | FEB. 10-13

TEAM
FRANCHISING



Succession Planning Workshop

*In collaboration with the:
IFA Franchisee Forum
IFA Franchisor Forum
IFA Supplier Forum Advisory Board*

“IFA believes responsible franchising should be practiced intentionally and consistently among franchisors, franchisees, and suppliers to protect the integrity of the franchise model and the community of small business owners that are part of franchising, the workers franchising supports and the consumers that the franchised businesses serve.”

Succession Planning: Presenters



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Chair IFA Franchisee Forum

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Succession Planning: Participants



Al Rodriguez
Multi-Unit Franchisee
Sports Clips Haircut



Tracy Panase
CEO
Just Between Friends



Todd Houghton
President, CEO
Homewatch Caregivers

Succession Planning: Our Sponsors



Joshua L. Christie
Partner



Kendall Rawls
Director of Development



BUSINESS
SUCCESSION
PLANNERS

Succession Planning: Today's Lineup

- 1 Pre-Work**
Pre Succession Planning Check-Up: Why do you need to consider succession planning.
- 2 Presentation with Participants**
A complete look at the process and hear from our participants (Franchisees and Franchisors).
- 3 Our Sponsors Ice Miller and Rawls**
Our Sponsors will share a case study that aligns with best practices when succession planning.

Succession Planning: Participants



Al Rodriguez
Multi-Unit Franchisee
Sport Clips Haircut

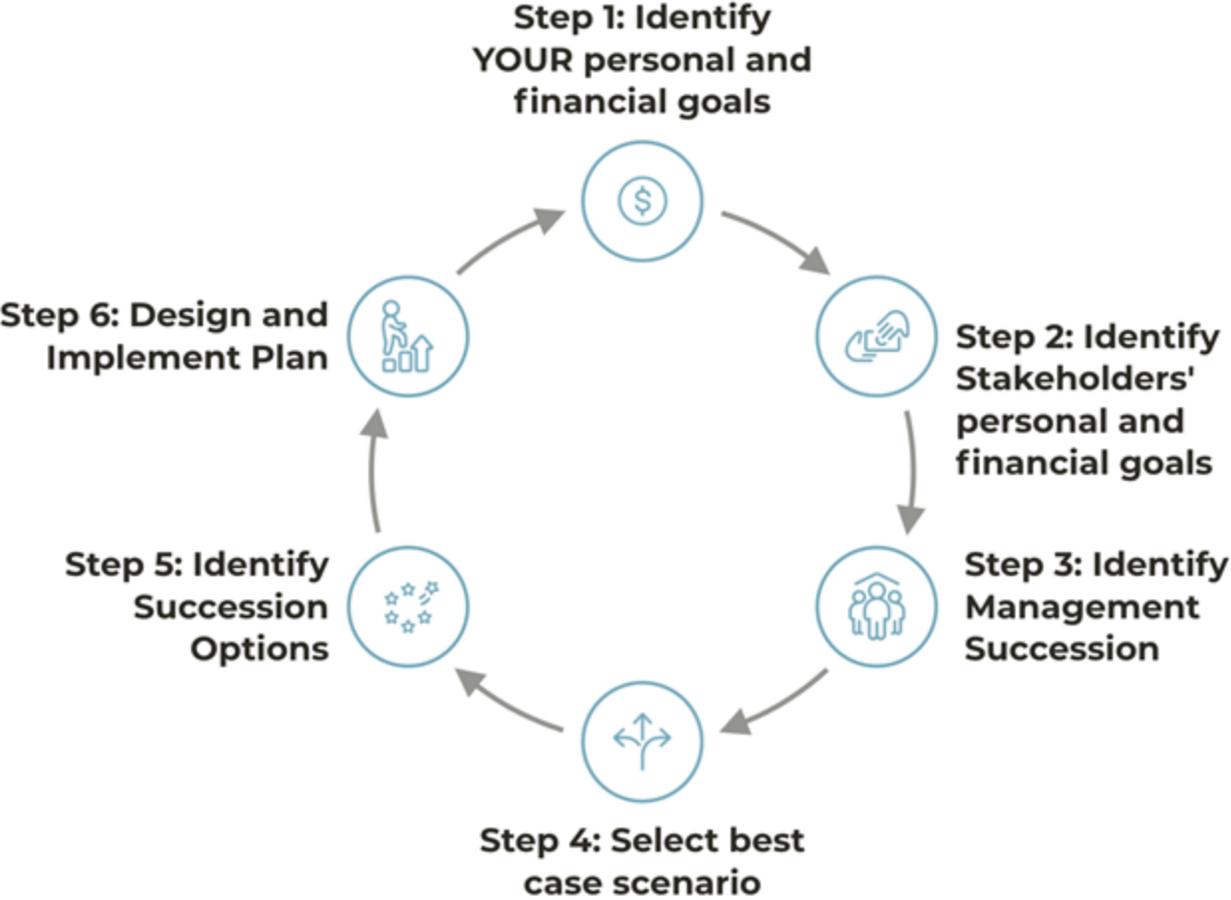


Tracy Panase
CEO
Just Between Friends



Todd Houghton
President, CEO
Homewatch Caregivers

Succession Planning in six steps



Step 1: Identify Your Personal Goal (as the Business Owner)

Income

Involvement

Investment

Legacy

Value

Secure Future
Benefits

Active
Walkaway
Hybrid

Cash out
Maintain equity
Hybrid

Personal Legacy
Charitable Trusts
Family Trusts

Employment
Community
involvement

Step 2: Identify stakeholders and their individual goals



Step 3: Management Succession

- 01 Assess responsibilities, skills & relationships of current owner
- 02 Assess skills and abilities of the management team and potential successor
- 03 Ask successors and management team what they would like to do in the future.
- 04 Find out what the management team will need to help train the successor.
- 05 Combine the needs of managers and new responsibilities they take on.

Step 4: Best Case Scenario

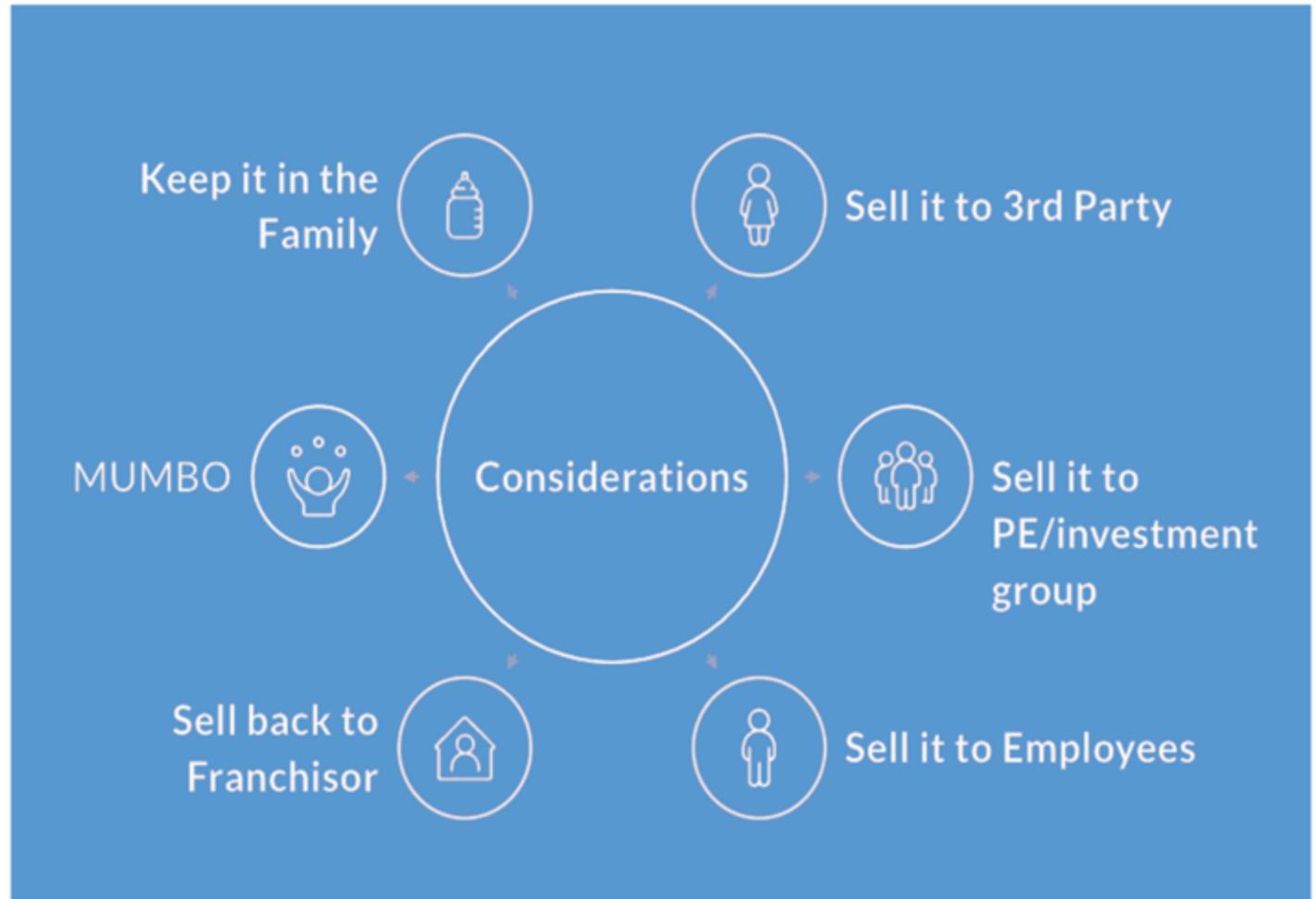


Best case scenario should unite the hopes and expectations of key participants.

Step 5: Explore Options

Considerations

- Tax implications
- Legal responsibilities
- Financial implications
- Buy sell agreements
- Franchisor agreements



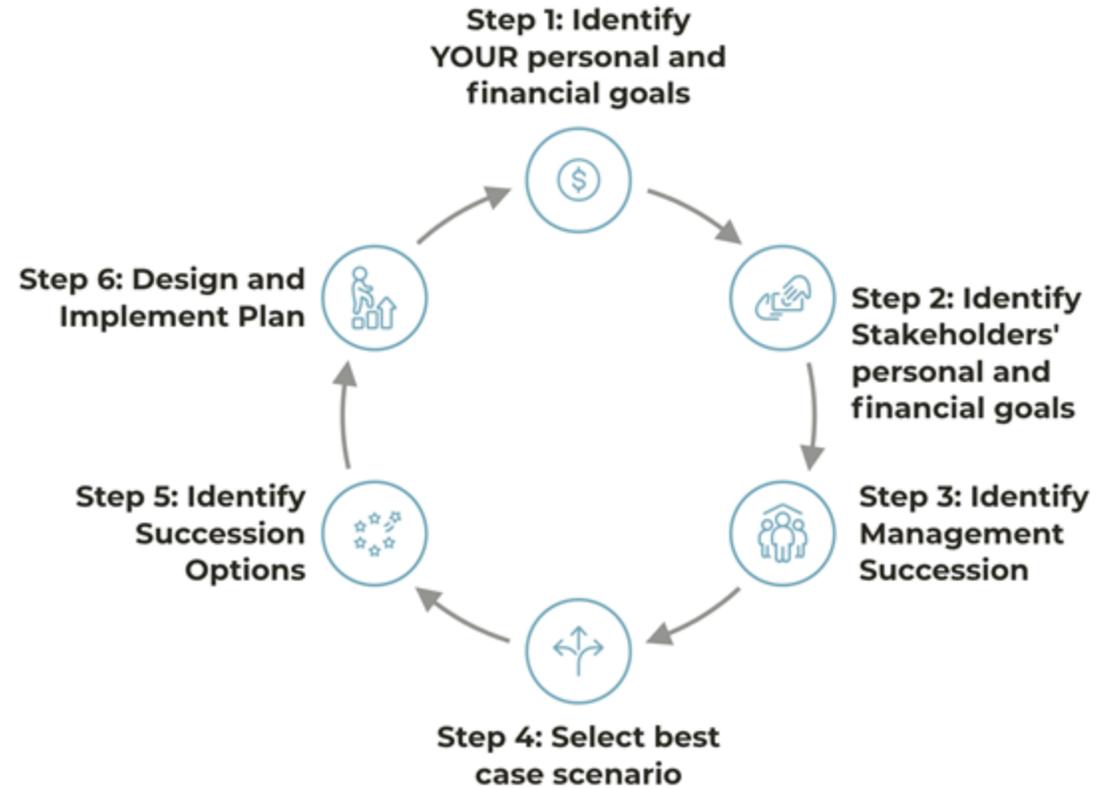
Step 6: Design and Implement the Plan



- Follow the direction of attorneys
- Design a summary
- Inform important stakeholders
- Revisit plan on a regular

Succession Planning in Six Steps Summary

**A Succession Plan
is not static,
it must be
reviewed on a
regular basis.**



Step 1

Evaluate the Business

Selling Your Business



Business Valuation

Hire
Professionals



Assess Financials

Up to Date
Professionally
Prepared



Review Key Metrics

Trends
Profitability
Customer Base
SWOT Analysis



Identify Issues

Operational or
Financial
Challenges

Step 2

What
are
you
selling?

Selling Your Business



**Existing
Business**
Cash Flow



Runway
Growth



Continuity
Operations

Step 3
Engage
your
People

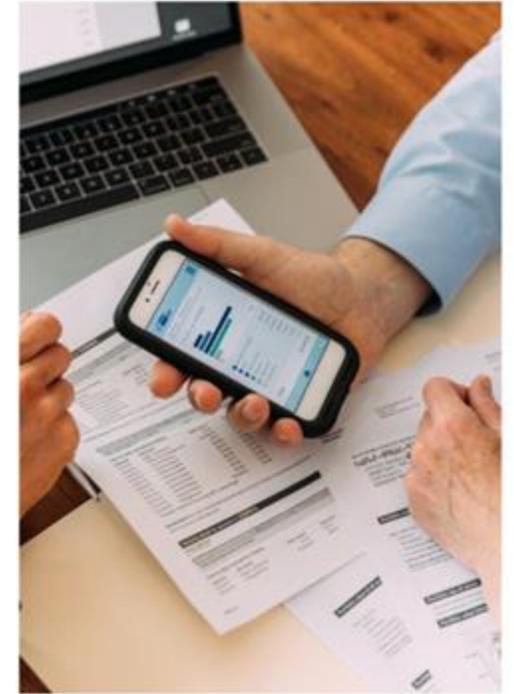
Selling Your Business



**KEY
EMPLOYEES**



FRANCHISOR



ADVISORS

Step 4

Hire a Team

Selling Your Business



**Investment Banker, Advisors, Broker,
Tax Attorney, CPA, Attorney**

Step 5

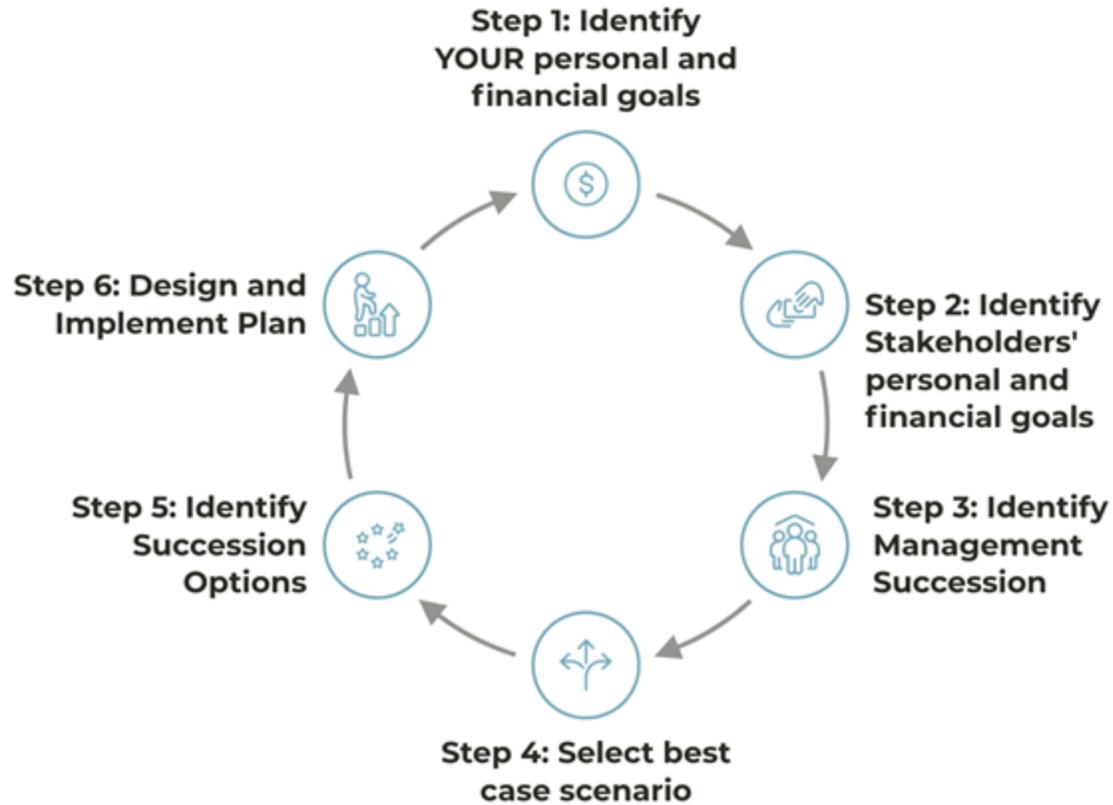
Transition

Selling Your Business

- Training
- Transfer Process
- Onboarding Owners
- New Lifestyle



Succession Planning



Selling Your Business



Q&A

Succession Planning: Our Sponsors

IceMiller

Rawls

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Case Study



Joshua Christie

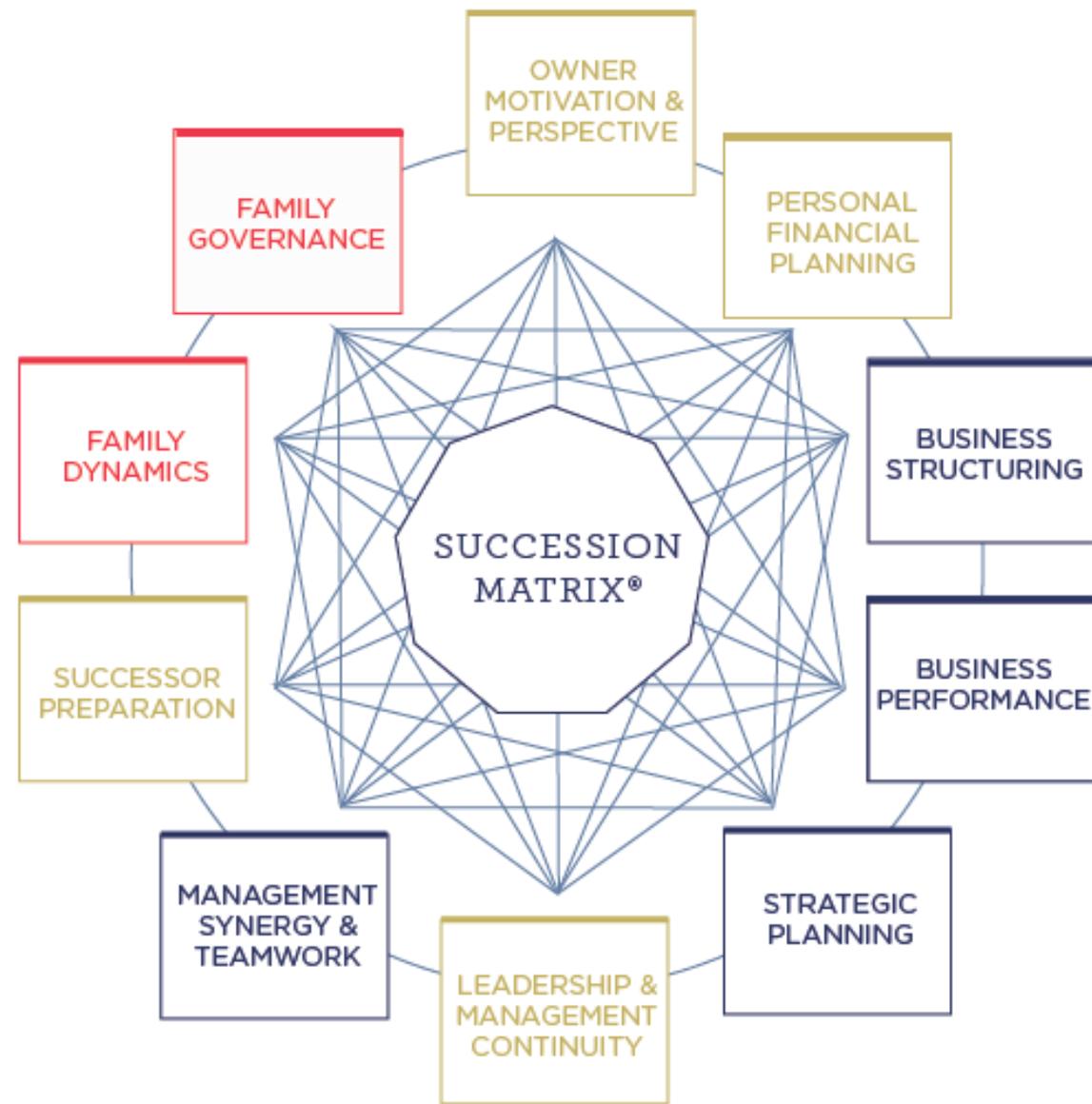
IceMiller



Kendall Rawls

Rawls

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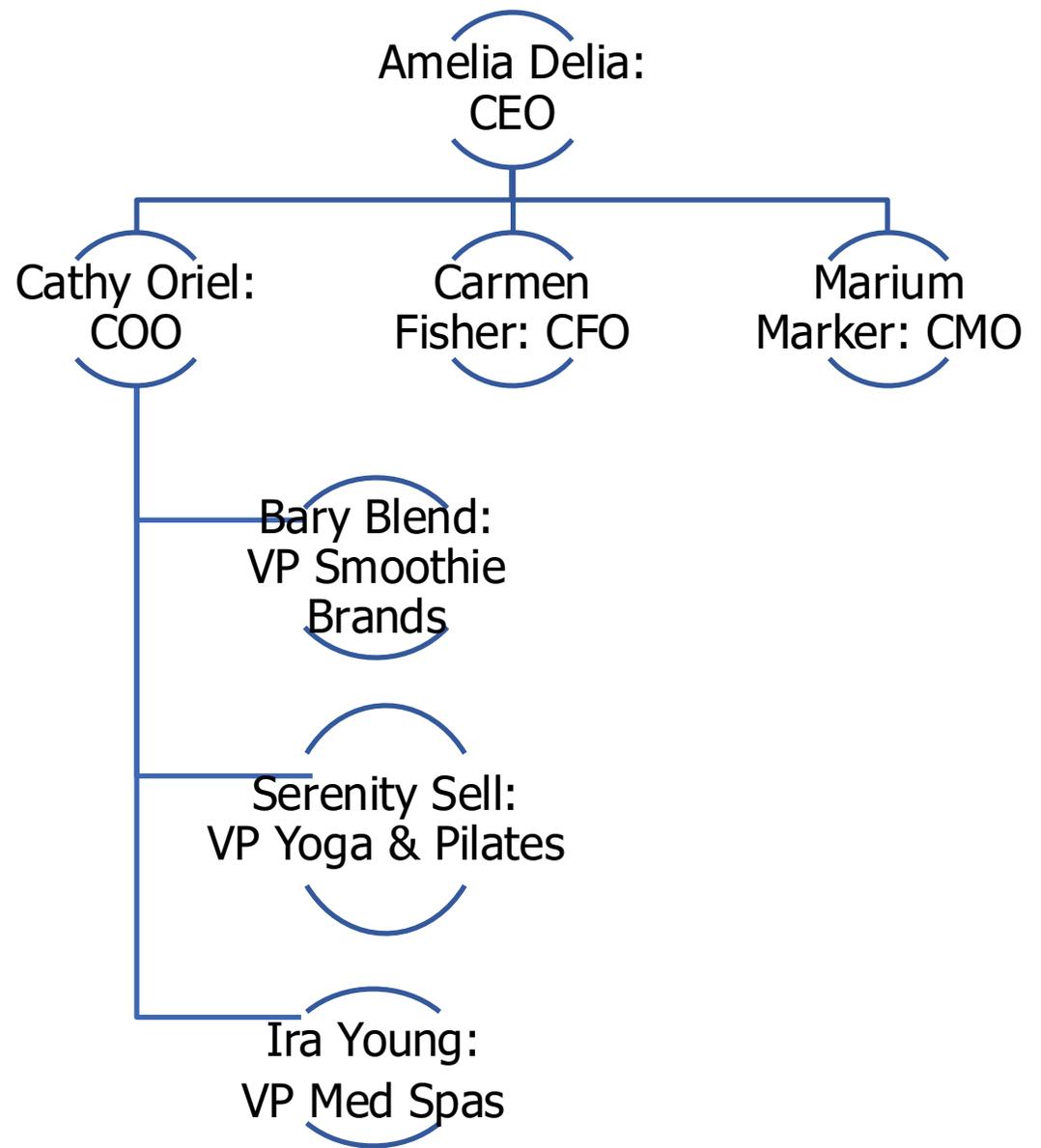
Matrix acts as a Fly Wheel to Successfully Transition Through Change



Health Lifestyle Brands LLC

- Owner: Amelia Delia
 - 20 Smoothie franchises
 - 4 Yoga & Pilates Studios
 - 4 Med Spas
- 1st smoothie location at age of 22,
now a regional powerhouse at 45

Leadership & Organizational Structure



Strategic Goals

- Amelia wants to transition out of daily CEO responsibilities to focus on other initiatives and interests.
- John, Amelia's husband, aspires to join and transition into the CEO role, as Amelia transitions out.
- Create a sustainable leadership structure (CFO looking to retire)
- Create mentor/development program for daughter Karen.

Assets & Strengths of the Business

- Strong community involvement and brand reputation.
- Committed leadership team with long-term association.
- High-performance culture focused on people development.
- Sound financial standing with strategic use of SBA loans

Transition Challenges

Lack of Formal Transition Plan

No structured plan for Amelia's reduction in day-to-day involvement & John's transition into leadership, risking operational continuity.



Transition Challenges

Financial Dependency

Amelia and John's personal finances are heavily tied to the business, limiting financial flexibility for future leadership transitions.



Transition Challenges

Successor Development

Karen, Amelia and John's daughter, a potential future leader, lacks a formalized development plan to prepare her for her role effectively.



Transition Challenges

Leadership Continuity

Imminent retirement plans of key executives like CFO Carmen Fisher necessitate robust succession planning to avoid leadership gaps.



Growth & Sustainability Challenges

1

Strategic Planning:

The absence of a written strategic growth plan posed challenges for aligning business operations with long-term goals.



Growth & Sustainability Challenges

2

Family Governance

The need for clear policies that manage family dynamics within the business to prevent personal relationships from affecting business decisions.



Growth & Sustainability Challenges

3

Estate & Legal Planning

An estate plan developed without consideration of any strategy for the future of the business could lead to an inefficient outcome. Contractual relationships may not account for or align with anticipated strategy execution.



Growth & Sustainability Challenges

4

Integration of New Family Members

Establishing a structured transition timeline for John and clear developmental pathways for Karen, ensuring smooth integration into leadership roles without causing a cultural shock.



Growth & Sustainability Challenges

5

Leadership Bench Development

Developing structured successor/leadership development strategy for each key leadership position to ensure continuity and support strategic growth.



Actionable Strategies





Create CEO Leadership Transition Plan

Determine Amelia's perfect timeline for transitioning out of the CEO role and for John to transition into the role



Create CEO Leadership Transition Plan

Identify differences between Amelia and John's leadership style, determine additional training John may need to prepare him for the CEO role.

Create CEO Leadership Transition Plan

Determine the “onboarding” process for John so he gets a clear understanding of all nuances of the business and builds rapport with the existing team



4

*immediate
action*

Create CFO Leadership Transition Plan

**Determine Carmen Fisher's timeline
to transition out of CFO role:**

Identify potential talent from within and
create successor development plans to fill
the role when Carmen transitions out.

5

*immediate
action*

Engage in Strategic Planning

Initiate Strategic Planning initiative:

Include John, Amelia and C-level leaders to confirm mission, vision, core value and identify 3 strategic initiatives to support the 3–5-year strategic growth plan



Engage in Strategic Planning

Create Strategic Action Plans:

For each strategic initiative, develop specific action steps and identify the key people for leading, overseeing or are a resource for each step.



Address Critical Legal Issues

Update Estate Planning

Review and update John and Amelia's estate planning as it is considerably out of date. With the long-term plan of Karen potentially owning the business, consider planning nuances to support her future involvement.



Address Critical Legal Issues

Review & Update Leases

Work with existing landlords to set up leases to include favorable transition terms; keep the plan in mind when entering into new leases and use consistent provisions.



Address Critical Legal Issues

Review & Update Franchise & Other Agreements

Where possible, update existing contracts to include favorable change of control provisions and use the same provisions in new contracts.

Actionable Strategies





Review Personal Guarantees

Anticipate and lay the groundwork to release Amelia and John from personal guarantees on loans and leases.



Key Leader Retention Incentives

- To retain key employees critical to performance & operations, consider implementing equity incentive plans, SERPS or retention bonus plan to align incentives and retain key employees.
- Any equity grants may require putting place a shareholders' agreement or buy/sell agreement.

3

*strategic
action*

Develop Wealth Advisor Relationship
to develop financial independence from
the business

4

*strategic
action*

Successor Development

Develop a succession development curriculum for Karen to prepare her for a role in the business

5

*Strategic
action*

Family Governance

Develop family policies to set clear expectation, maintain family harmony and protect the business from family conflict, such as employment policy, performance policy, perks, qualified heir etc.



Leadership Bench Strength

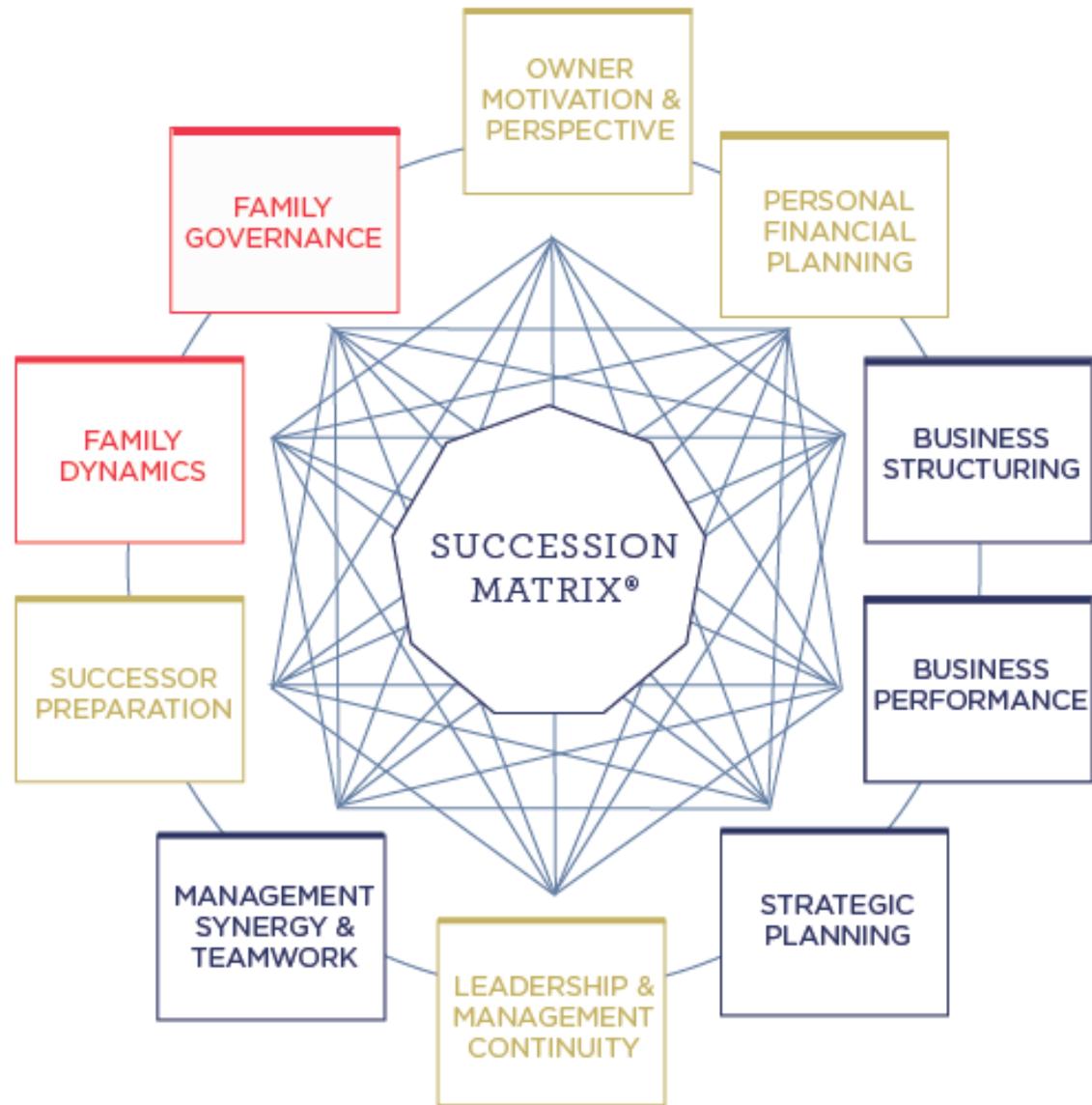
- Develop a leadership bench development program to identify up and coming talent and prepare them for the next role in the business
- . Bench strength supports organizational growth and well ensures as key leaders retire or move up in the organization there is qualified talent to fill their role

Succession Planning



- What is your purpose?
- Where is your vision?
- What is getting in the way?
- What resources do you need?

Builds Value & Creates Options Towards the Future You Envision



Questions



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