



PLANNING FOR RETIREMENT

The sooner you plan for the future, the better off you'll be when it gets here.

BY CASEY PAYTON

Preparing for retirement is no quick deal. It's something that needs to be planned for from the early days of business. While retirement may be tough to even consider for young companies, the earlier you start planning, the better.

LM recently spoke with several industry veterans about the key factors of planning for retirement.

GET YOUR FINANCIALS IN ORDER

Whether you plan to sell your business or have someone take it over, you always need to have your pulse on what the business is worth, says Michael McShane, president of Plantique Inc., Allentown, PA. He says he's planned for his retirement, but he doesn't believe it will be anytime soon.

"I believe that an evaluation should be done annually," he advises. "You have book value, future earnings and many other ways to value a business — but the evaluation is key. You want to stay on top of what your business is worth as you plan ahead for retirement."

Setting up a retirement plan within the company is also something to consider early on. Tom

Heaviland, president of Heaviland Enterprises Inc. in Southern California, says when the company was smaller, he had a simple IRA program — but eventually rolled that into a 401(k) as the company grew.

"No matter what it is, you need to get in the habit of putting those pre-tax dollars into a retirement fund," he suggests. "The younger you are and the earlier you start, the better. Compounding interest is one of the great scientific principles."

But before retirement even becomes a possibility, it means getting cash in the bank now. Chris Senske, president of Senske Lawn & Tree Care in Kennewick, WA, says that making sure you have sufficient income or assets to weather future storms is a crucial part of planning ahead.

"I have a brother who sold his professional services business for a tidy sum about 10 years ago," he says. "At almost 70, he feels the pressure of maybe not having enough cash in the bank to live in the style with which he has become accustomed."

NEW MANAGEMENT

One of the biggest changes to come with retirement is a transition of management. Senske says he's been preparing for a transition over the past five years by seeking quality individuals for leadership who can develop into long-term leaders.

"The most important characteristics I'm looking for in the leadership role are individuals who have creative ideas and a willingness to adapt to a new market as it changes," says Senske, who adds that though he's planning ahead for a transition, he has no immediate plans of leaving the industry he loves. "I am seeking out team-building players who have an understanding of how to coach and hold leadership at all levels accountable to constant improvement, continual personal educational development and individual drive to be successful."

Heaviland agrees with the strategy. "It may sound cliché, but surrounding yourself with strong people is an important factor," he says. "You should hire with the end game in mind, making sure you have a strong leader on the financial side, the sales side, the operations side — and, if you're big enough, maybe also the human resources side. Having the right people will ensure the business will always run fine, even when the owner is not there. But it definitely comes down to finding people who are committed to your vision."

For Dale Stell, founder and CEO of Lakeview



Lawn and Landscape, near Finger Lakes, NY, planning for the transition in leadership has been taking place for years.

“I have had the young fellow who is taking over the business working with us for 10 years,” says Stell. “Though his title right now is vice president, he’s been doing the day-to-day operations — and is more like the chief operating officer right now. We developed a plan where he is buying me out over a period of time, but I still work here. At the end of the day, he’ll own all the shares of the business. It’s been a great arrangement for both of us.”

Planning ahead helped set Stell up for a smooth transition. But in this economy, many landscape business owners are becoming desperate and looking for an “out.”

“It’s definitely not the easiest business to get out of, and I do really feel for those owners who are having a hard time trying to figure out their next steps,” Stell admits. “Think about these things early on so that you don’t wind up having to just sell your equipment and retire. That’s never a good deal, after all your hard work over the years. Try to plan ahead and think about the transition now.”

Advanced preparation for this eventual transition also means financially planning for it.

“Compensation programs for key personnel must be developed to adequately reward those who will be managing the business as my role lessens,” says Senske. “These decisions are predicted on the decision I have made not to sell the business, but to have it continue as long as possible. There are two children, neither currently interested in participating today, but I want to leave that option open as long as possible.”

While all of these industry veterans have combined experience of more than a century, none of them say they’re ready to retire yet. They’ve just all learned the value in planning ahead.

Heaviland says he believes it’s never too early to plan for the future.

“Don’t carry a lot of debt, pay yourself a fair salary, and save as much as you can early on,” he advises. “The earlier you start, the better off you’ll be — and I can’t stress that enough. That’s really the takeaway point to this. Start now, and you’ll find it paid off in your future.” **LM**

Payton is a freelance writer with six years of experience covering landscape-related topics.