

AIATrust Master Planning Your Succession Strategy

Thank you for viewing the AIA Trust Week webinar presented by Jonathan C. Shoemaker, Esq. and Taylor T. Dolan, Esq. of Lee/Shoemaker. Please answer the following questions and submit your completed test to aiatrust@aia.org to receive 1.5 AIA learning units.

1. True or False? While architects develop master plans for the built environment, they often fail to develop succession plans for their own architectural practice.
2. How many design firms does Lee/Shoemaker represent in relation to corporate and transactional needs, which can include internal and external transition plans?
 - a. 180
 - b. 225
 - c. 300+
3. True or False? Every succession plan is different because every architect's desired goals or objectives from a transition vary dramatically. Therefore, it's important to understand what your goals or objectives are when developing that type of plan or strategy.
4. Typically, a succession strategy team involves
 - a. A lawyer
 - b. A business broker
 - c. An accountant
 - d. All of the above
5. Non-disclosure agreements (NDA) are typically required in either internal or external succession planning because
 - a. Financial advisors need to share confidential information
 - b. The business's proprietary information, trade secrets, and business strategies need to be protected
 - c. To ensure that the receiving party handles the information responsibly and doesn't use it for their own benefit
 - d. All of the above
6. True or False? The purpose of a "letter of intent", often interchangeably used with a "term sheet", in succession planning is to signify the intention of a current leader to eventually step down and identifying a potential successor, without creating a fully binding legal contract at that early stage.
7. True or False? The most successful succession plans, internal or external, are those where the seller exits promptly.

8. When contemplating succession planning, either internally or externally, mentoring key personnel is crucial because
 - a. From an internal perspective mentoring acts as a critical component in preparing potential successors for greater responsibility within the organization
 - b. If you are leaning toward an external strategy having a strong team, who show the buyer that they could take over for you makes you a more attractive seller
 - c. a & b

9. True or False? Earnings before interest, taxes, depreciation, and amortization (EBITDA) is a key financial metric that can be used in business succession planning to value a company.

10. How would you define Net service revenue (NSR)?
 - a. Gross revenue, less sub-consultants and pass-through expenses
 - b. The total revenue from providing services using licensed products, minus the direct costs paid to third parties
 - c. Either a or b is a correct definition