

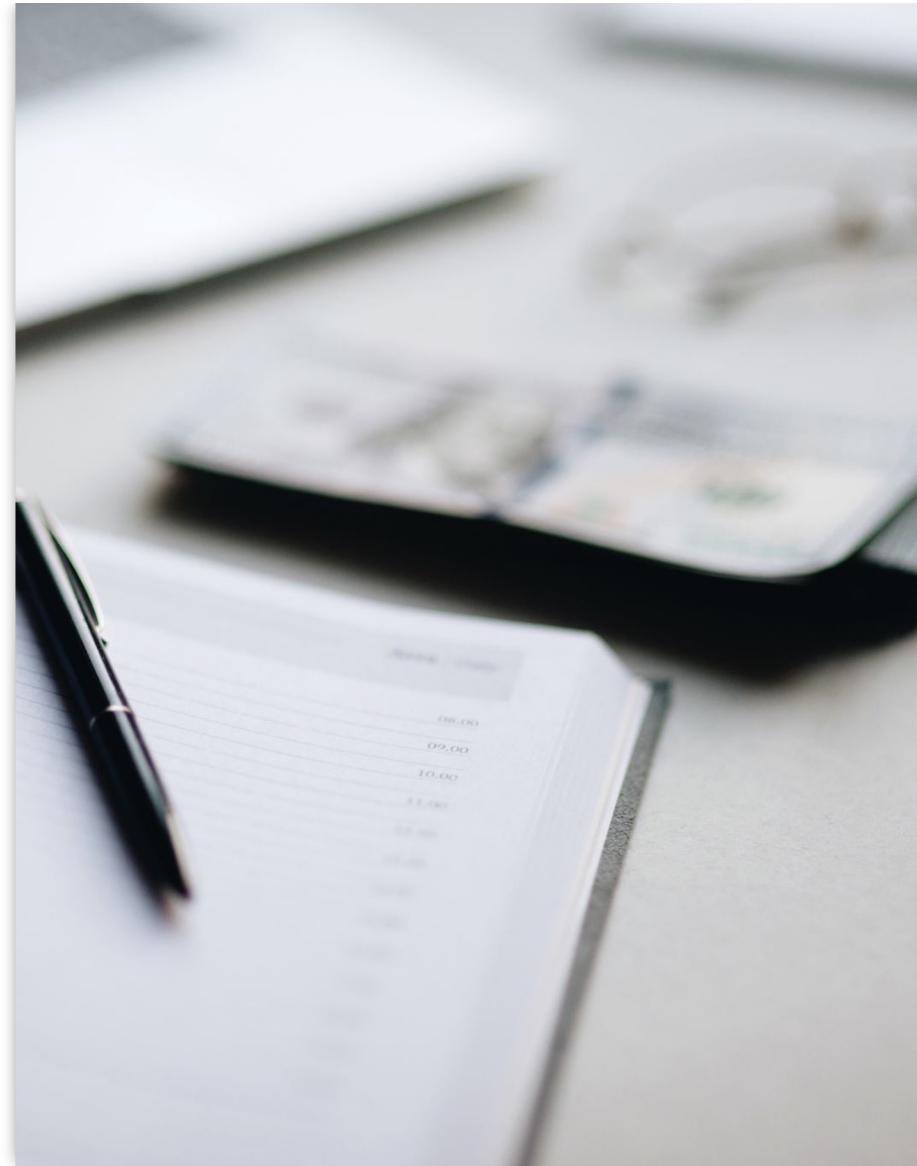
BUSINESS EXIT PLANNING

A laptop is shown from a low angle, displaying a business analytics dashboard. The dashboard includes a 'COHORT ANALYSIS REPORT' with a grid of blue bars, a line chart, and a table of data. Below this, there are sections for 'Where are your users?' with a world map, 'Sessions by country' with a bar chart showing Czechia at 85.2% and Slovakia at 10.8%, and 'Sessions by device' with a donut chart. The background is dark and out of focus.

BECOMING THE MOST
TRUSTED ADVISOR

Agenda

- The Opportunity
- The Most Trusted Advisor (Financial Planning)
- Preparing the Business (Business Planning)
- The Perfect Exit (Personal Planning)
- How to Take Action

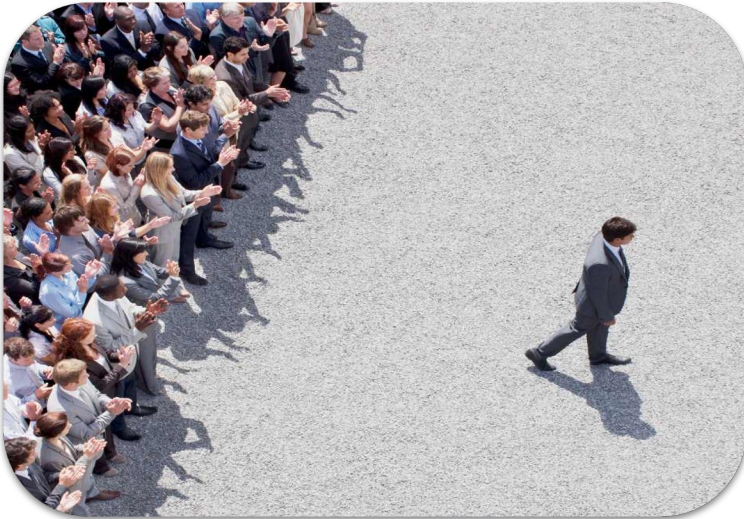




THE OPPORTUNITY

- 73% of privately held companies in the US would like to transition within the next 10 years equating to a \$14 trillion opportunity.

Every Owner Exits



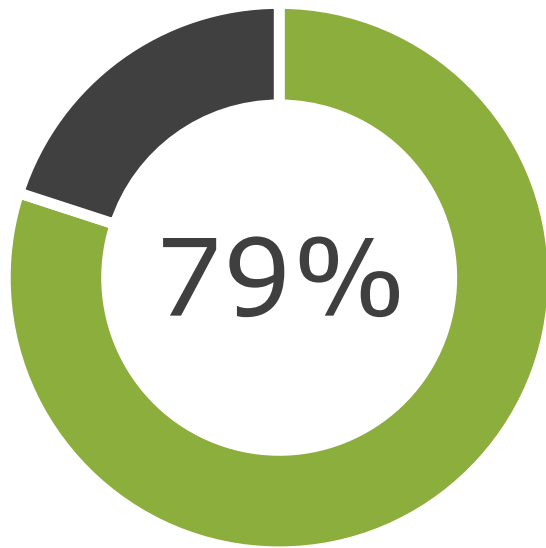
or



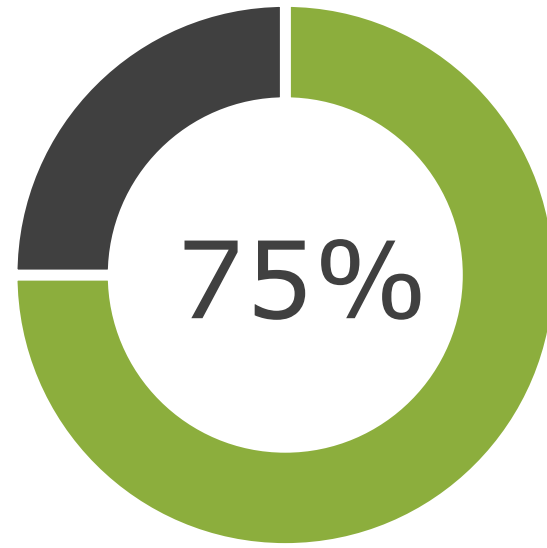
The difference is in the **outcomes for the owners** as well as their **families, employees** and **communities**.

Owners Want to Exit

- 79% want to stop working within 10 years....but 75% would exit today if they received enough cash to guarantee financial security.

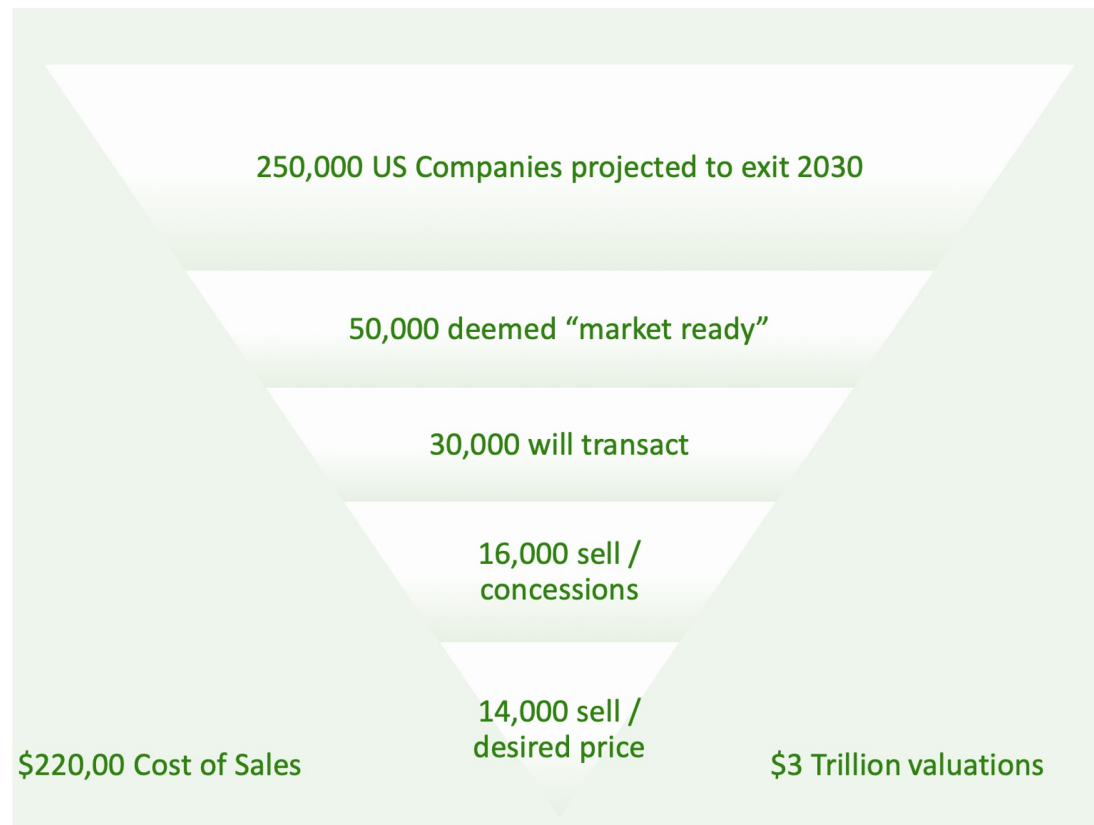


Desire to Stop Working



Financial Security Needs

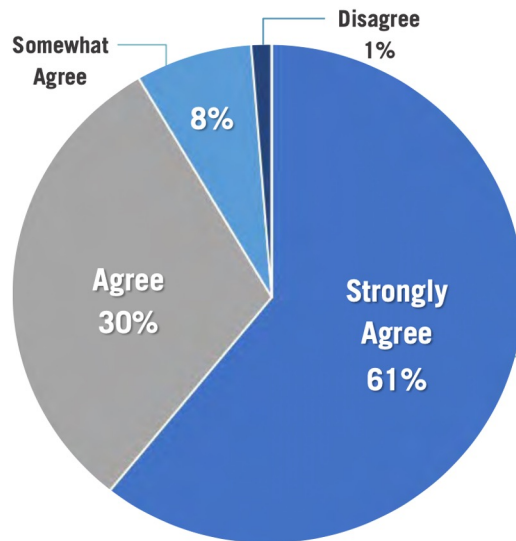
Not Many Owners Exit by Sale



Most Owners Don't Have a Plan

99% OF OWNERS AGREED WITH THIS STATEMENT:

“Having a transition strategy is important both for my future and for the future of my business.”



AND YET...

The very same surveyed owners reported the following data which proved contrary to the statement that readiness was actionably important:

79% OF OWNERS HAVE NO WRITTEN TRANSITION PLAN.

48% HAVE DONE NO PLANNING AT ALL.

94% HAVE NO WRITTEN PERSONAL THIRD ACT PLAN.

Key Findings

100% of business owners will stop being owners at some point.

79% want to stop working within 10 years....but 75% would exit today if they received enough cash to guarantee financial security.

More than 80% of businesses will never be sold.

Fewer than 20% have a written exit plan.

Most Owners have advisors but fail to execute on a plan



QUESTION

What
percentage of
businesses exit?



THE MOST TRUSTED ADVISOR



Who's the Most Trusted?



Uncovering the Wealth Gap

The Wealth Gap – Expectation versus Reality

John and Jane goal: **\$36 million** for post-business retirement life



Business Valuations

$$\begin{array}{c} \text{Recast} \\ \text{EBITDA} \end{array} \times \begin{array}{c} \text{EBITDA} \\ \text{Market} \\ \text{Multiple} \end{array} = \begin{array}{c} \text{Business} \\ \text{Value} \end{array}$$

Size Matters

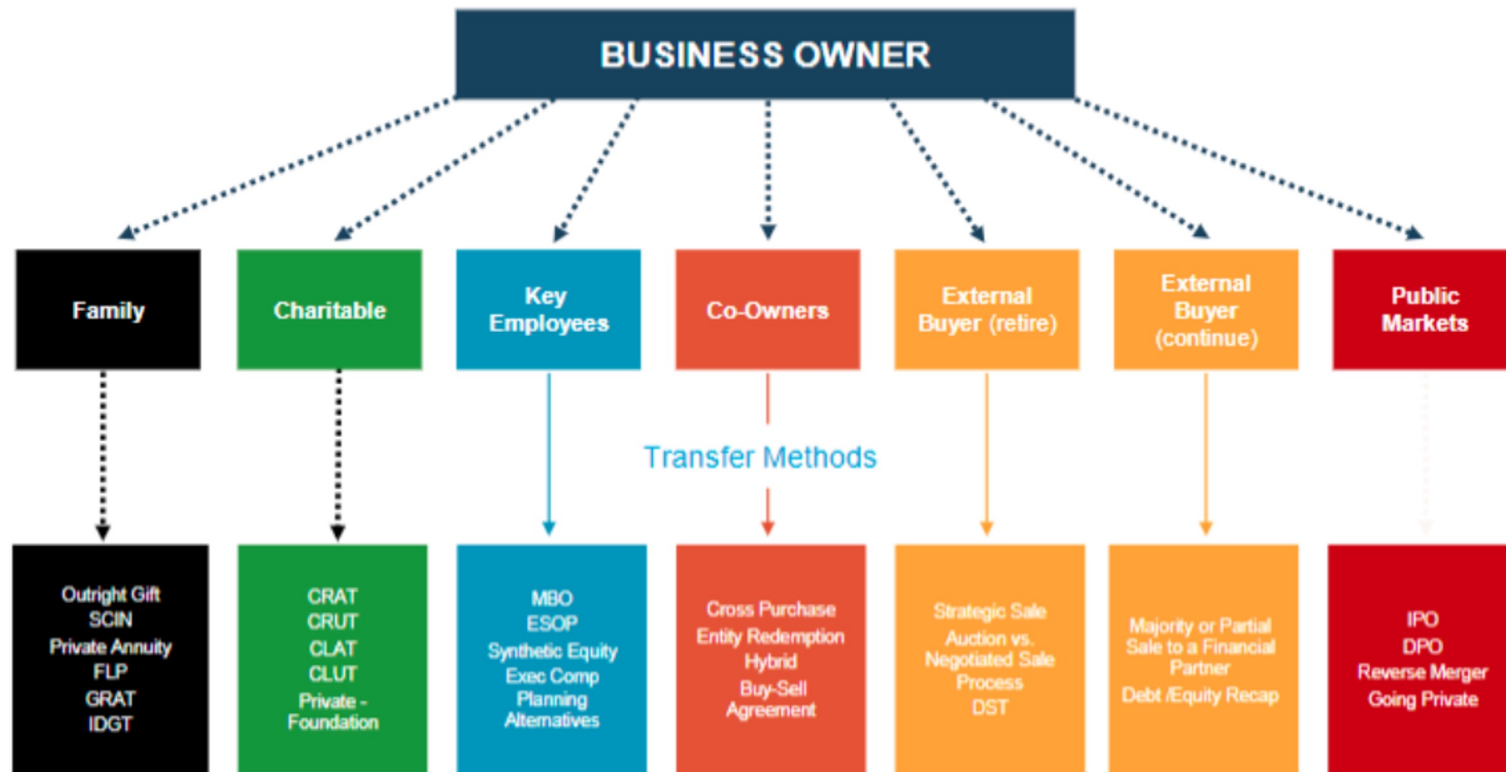
U. S. Market Segments

	<u>Sales Range</u>	<u># of Cos</u> <u>(thousands)</u>	<u>%</u>	<u>Sales \$</u> <u>(trillions)</u>	<u>%</u>	<u># of EEs</u> <u>(thousands)</u>	<u>%</u>
Micro Market	< \$5M	5,678	93.9%	3.57	12%	34,764	29%
Lower Middle Market	\$5M - \$100M	351	5.8%	5.84	20%	29,712	25%
Upper Mid Mkt and Above	> \$100M	21	0.3%	20.33	68%	56,128	47%
Total Employer Firms		<u>6,050</u>	100%	<u>29.74</u>	100%	<u>120,604</u>	100%
Non-Employer Firms		<u>21,708</u>		<u>0.99</u>			
Total All Firms		<u>27,758</u>		<u>30.73</u>			

Size Matters

Characteristic	Small Market	Lower Middle Market	Middle Middle Market and Up
Revenue size	<\$5 million	\$5 million–\$150 million	\$150 million–\$500 million
EBITDA size	<\$500,000	\$500,000–\$15 million	\$15 million–\$50 million
Ownership profile	Owner managed	Owner managed—professionally managed	Professionally managed
Owner or manager capital motives	To manage cash in the business, not the balance sheet	To manage the business, not the balance sheet	To manage net assets on the balance sheet
Ownership goal	Lifestyle	Lifestyle—entity value creation	Entity value creation
Role of key manager	Wears all hats	Wears few hats—functional management	Functional management
Market orientation	Service	Service—market maker	Market maker—service
Capital access			
Debt	Business banking	Commercial banking	Corporate banking
Equity	Personal/family	Personal/private equity	Private equity
Intermediation	Business brokers	Local investment bankers	Regional/national investment bankers

Exit Options



The Most Trusted Advisor Knows

- HOW TO DETERMINE THE WEALTH GAP
- HOW TO VALUE A BUSINESS
- HOW DIFFERENT EXIT OPTIONS AFFECT VALUE
- HOW SIZE AFFECTS VALUE, PLANNING & TEAM
- HOW TO MODEL & PLAN FOR DIFFERENT SCENARIOS

QUESTION

When should a
business owner
have an exit
plan in place?





PREPARING THE BUSINESS



What is the GAP?

**there almost
always is a GAP**



Most Important Value Drivers

7 Deadly Sins

Gaps in Business

1. Owner Dependency
2. Stable Increase in Cash Flow
3. Management Team
4. Business Systems
5. Established & Diverse Customer Base
6. Realistic & Believable Growth Strategy
7. Financial Controls



Timeline of a Business an Exit

Identification



Identify Soft Points in
Business



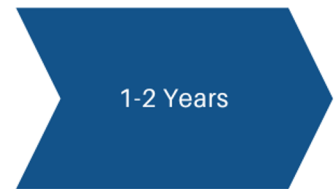
Execution



Implement Changes



Results



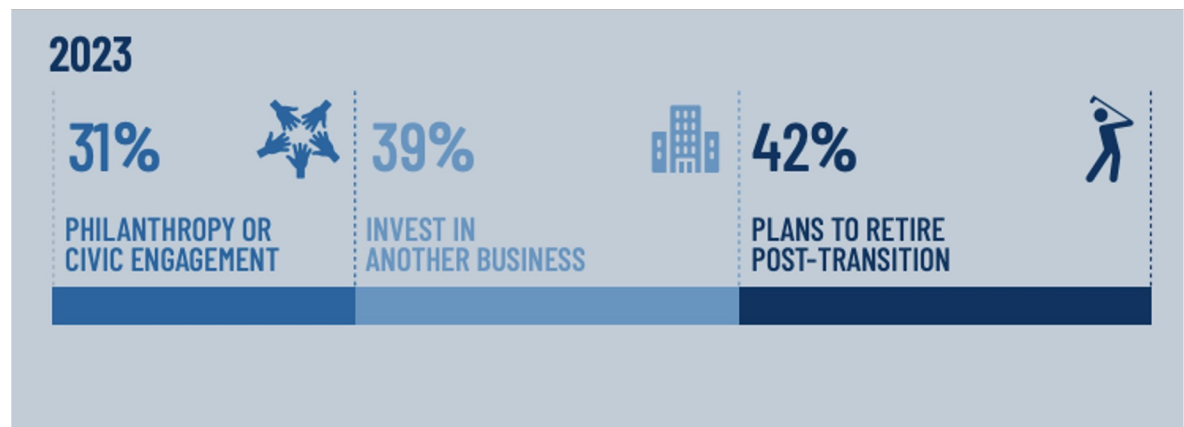
Changes Show on
Financials



THE PERFECT EXIT

Seller's Cold Feet

- Retire/Family
- Purchase a Business
- Consulting
- Serve on a Board
- Community
- Philanthropy
- Mentorship



Last, But Not Least

- Family
- Suppliers
- Employees
- Customers
- Community
- Industry
- World

A Successful Exit

- Felt well educated, supported, & in control
- Felt the process & money was fair
- The next journey is in place with the money to support it
- Felt good about their relationships and the ppl affected
- Company continues to be viable & valuable beyond them

QUESTION

What is one of the main causes of sellers cold feet?



A photograph of a golf course green with a hole and a golf ball. The text "HOW TO TAKE ACTION" is overlaid in the center. The background shows a line of trees under a clear sky.

HOW TO TAKE ACTION

An orange rounded rectangle with a flat left side and a curved right side, containing the text 'Talk to Owners' in white.

**Talk to
Owners**

1) Value

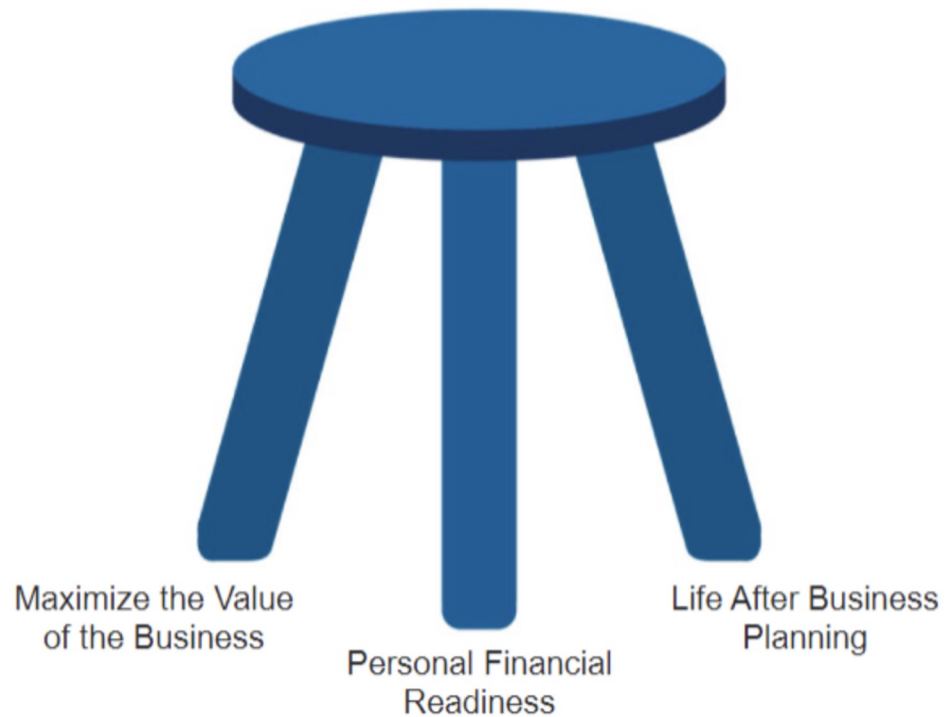
2) People

3) Control

Put a Plan in Place

PLANNING

- Personal Planning
- Financial Planning
- Business Planning



The Dream Team

Core Advisors

Business Advisors

Transactional Advisors

QUESTIONS?

CFP CE:	1111
CLE CE:	1111
Insurance CE:	1111
RIA CE:	1111