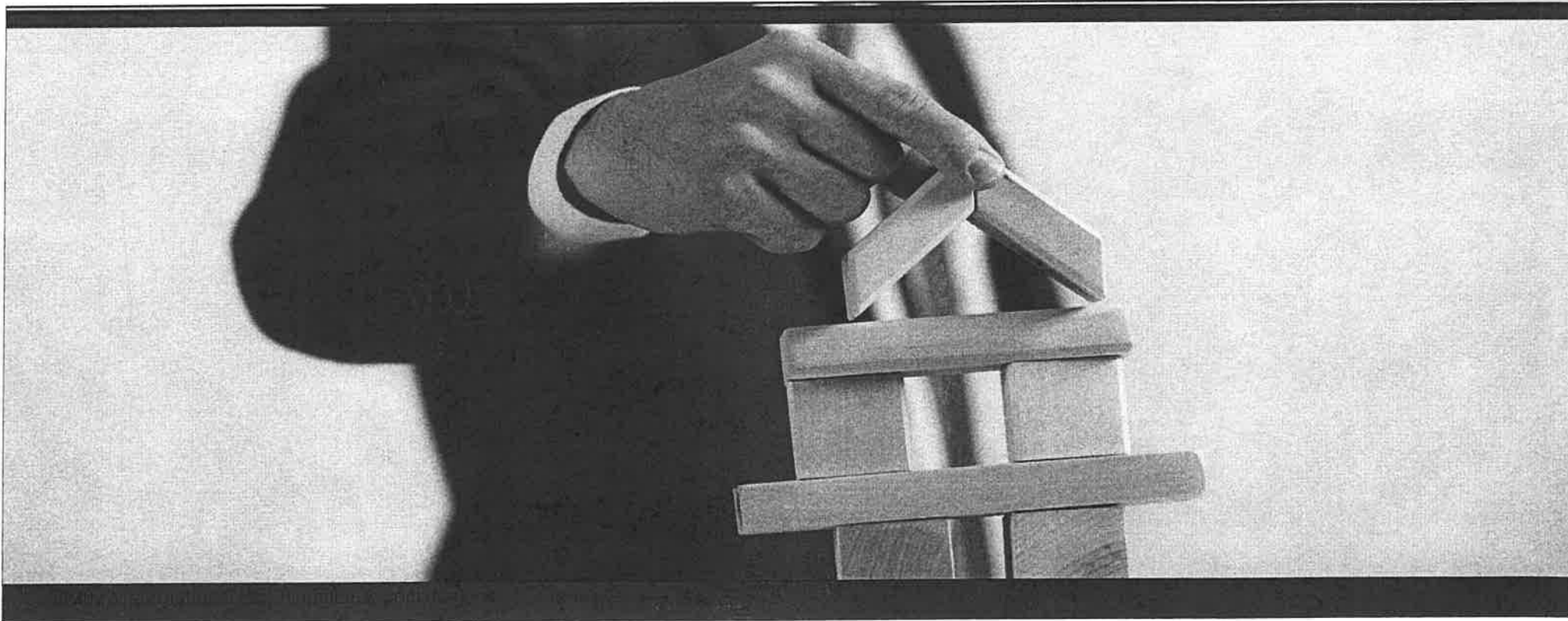


Planning an Exit from Your Business

A Roadmap for Business Owners



Ben Maini, CPA & Tax Partner



Agenda



1

Introduction

2

The Six (6) Step
Exit Planning
Process

3

The Business Exit
Readiness Index™
Report

4

Learning Your
Options and
Customizing your
Exit Plan

Agenda



1

Introduction

2

**The Six (6) Step
Exit Planning
Process**

3

**The Business Exit
Readiness Index™
Report**

4

**Learning Your
Options and
Customizing your
Exit Plan**

The Business Exit Readiness Index™ Report



Testimonials - Ray B. Successful Exit

“ I watched my father kill himself working 4 jobs . . . I had no one to throw baseball with . . . I watched him literally put himself in the grave with heart attacks. I told my wife the day I was married ...that when I'm 55 years old I'm done.

No matter what I'm doing, no matter what we have - we'll have succeeded in life and I plan on retiring when I'm 55 years old.
[looking back] I can't even figure out how I even had time to work. ”

The Business Exit Readiness Index™ Report



Testimonials - Successfully exited owner

“
“If there’s anything that I want your readers to take from my case, is I really do believe you should begin planning your exit a decade ahead.”
”

The Business Exit Readiness Index™ Report



Testimonials - Mr. K., Successful Exit

“

“We literally spent five (5) years wandering down the exit path... . We were getting fragmented information from our advisors, getting fragmented information from the people who were trying to get us to deal with these transactions and not getting holistic advice from anybody.

So we ended up spending five (5) years and a quarter of a million dollars invested in trying to figure out how we were going to exit our business. It was a very expensive mistake. That’s how I got my education.”

”

Introduction



Why Exit Planning?



At some point, you **ARE** going to leave your business.

The question is **When?**

And on **What Terms?**

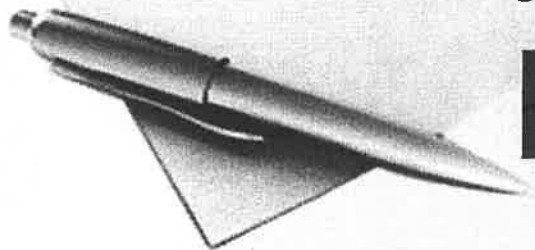
Agenda



Why Exit Planning?

A written plan for the succession or transfer of a business' ownership and control. This plan is derived from the owner's goals, an analysis of the available options, and a thorough review of the financial consequences.

Exit plan

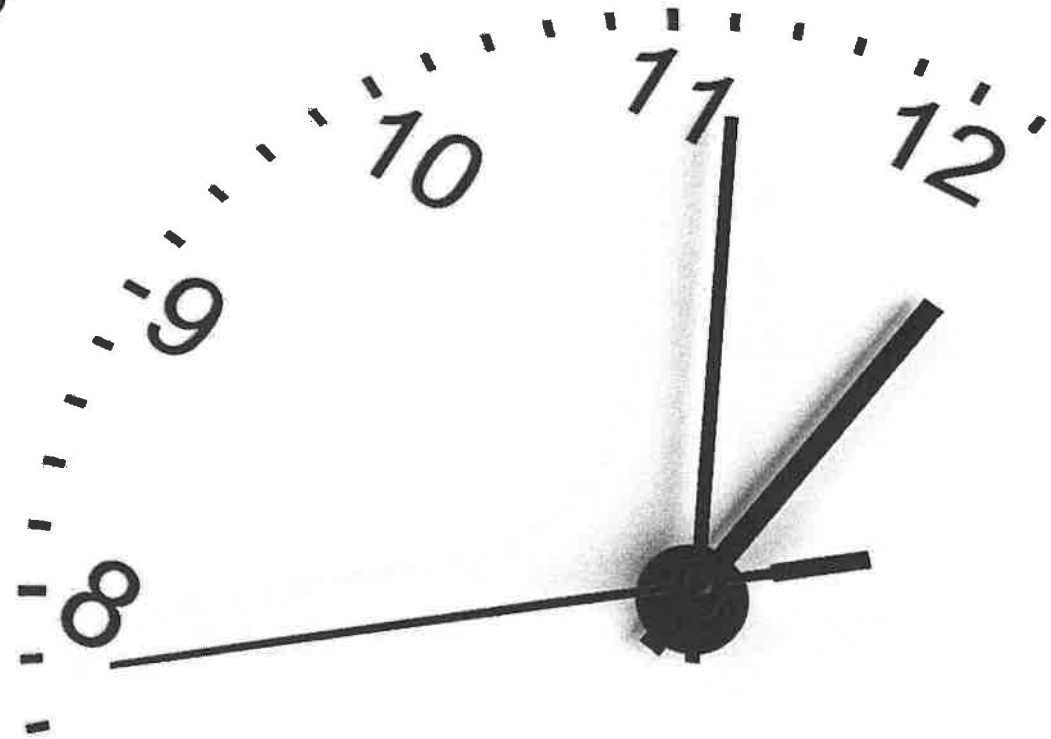


In Short: Your Plan on Your Terms.



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**It's never too early to begin
this type of planning,
but it may certainly
one day be
too late.**



The Transfer Cycle

Sales of businesses occur in cycles



The 10-Year Private Transfer Cycle

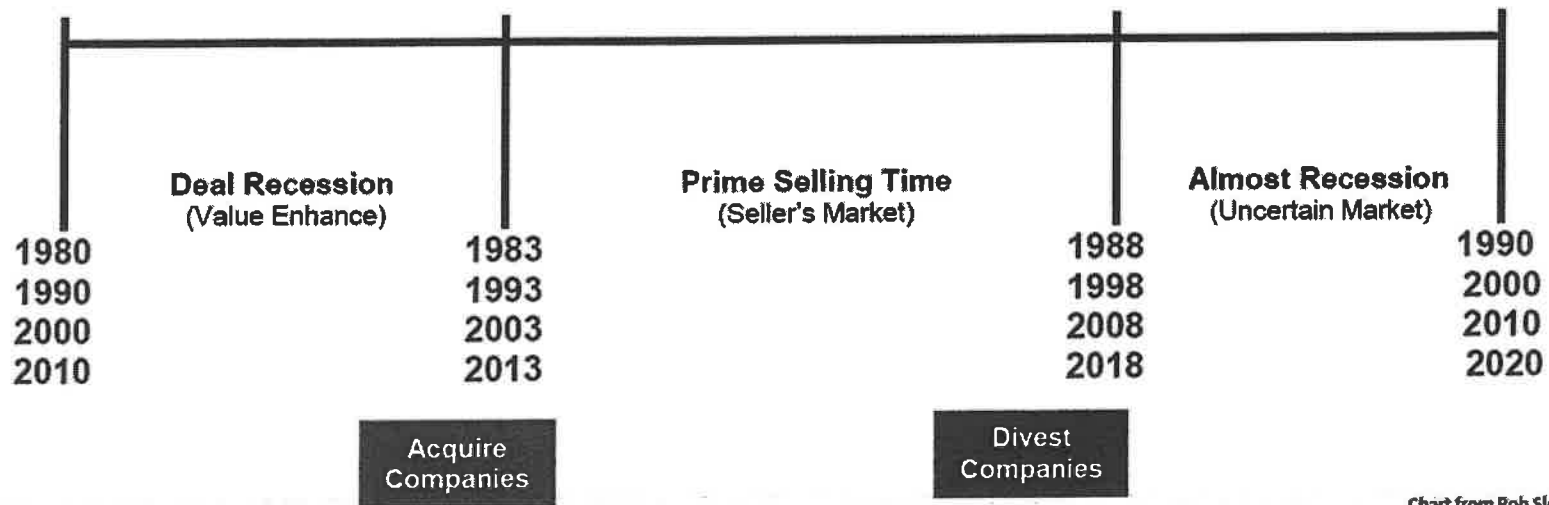


Chart from Rob Slee

Agenda



1

Introduction

2

The Six (6) Step
Exit Planning
Process

3

The Business Exit
Readiness Index™
Report

4

Learning Your
Options and
Customizing your
Exit Plan

The **6** Step Exit Planning Process



1 Establish Exit Goals

2 Analyze Financial and Mental Readiness

3 Discover The Type of Owner You Are

4 Learn Your Exit Options

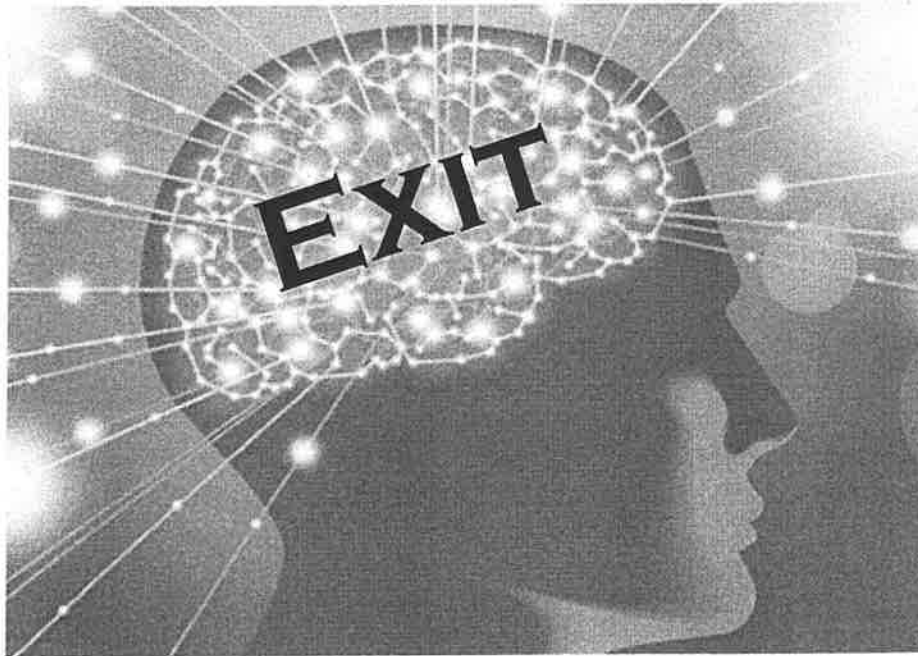
5 Know the Value of Your Exit

6 Execute Plan – Protect Your Wealth



The Six-Step Exit Planning Process

1 Establish Exit Goals



What do you want to achieve with your exit?

“ Begin with the end in mind ”

The Six-Step Exit Planning Process

1 Establish Exit Goals



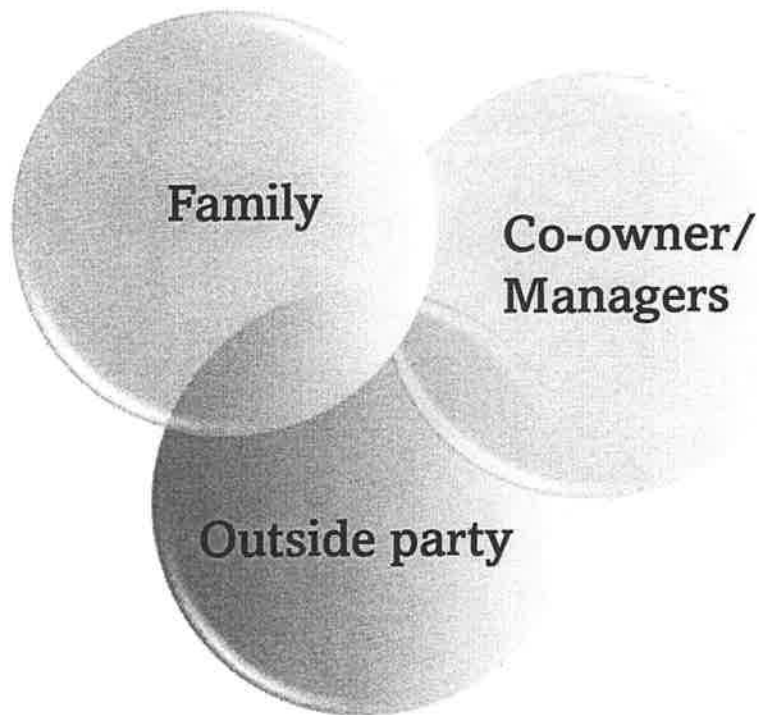
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How many 5-year exit plans have you had?

I want to work _____ years in the business before retiring or moving on.

The Six-Step Exit Planning Process

1 Establish Exit Goals



Who do you want to transfer the business to?

- Family – are they ready?
- Co-owner / Managers – can they finance it?
- Outside party – Is your company saleable?

The Six-Step Exit Planning Process

1 Establish Exit Goals



**Do you have a plan
for creating a
lifetime supply of
income without
the business?**

**Can you afford the
Exit Option that you
most want?**

- **After Taxes and Fees?**

The Six-Step Exit Planning Process



Analyze Financial and Mental Readiness



The Six-Step Exit Planning Process

2 Analyze Financial Readiness



Owner Objectives

Financial Readiness:

What is the annual after-tax income you want during retirement?

\$ _____

Most owners don't know their actual needs!

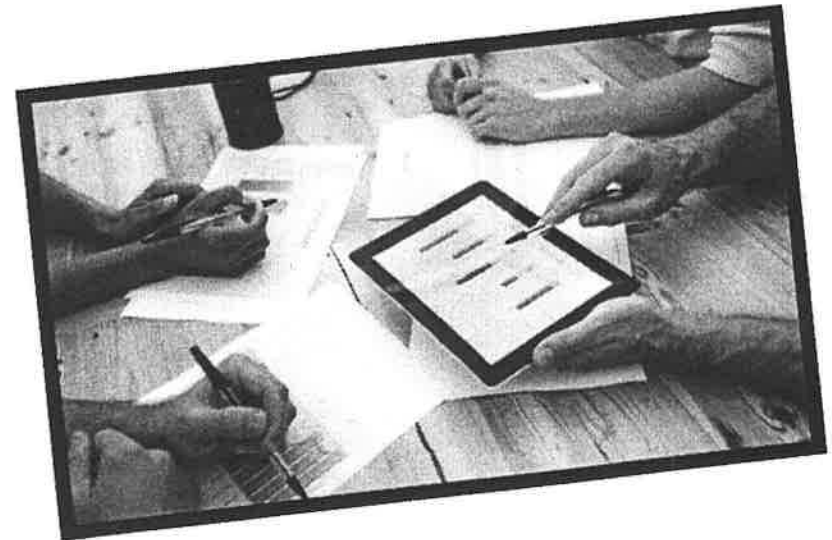
The Six-Step Exit Planning Process

2 Analyze Financial Readiness



Owner Personal Needs Analysis

- ✓ Project retirement needs AND a plan for creating the necessary income
- ✓ Determine the Value Gap between current resources and future needs
- ✓ Determine after-tax amount needed from the business to meet owner goals



The Six-Step Exit Planning Process

2 Analyze Financial Readiness



What is your Value Gap?

Current Savings
\$ _____

Value Gap
\$ _____

Asset Base Required
\$ _____

Often significant equity from the business is necessary for financial independence

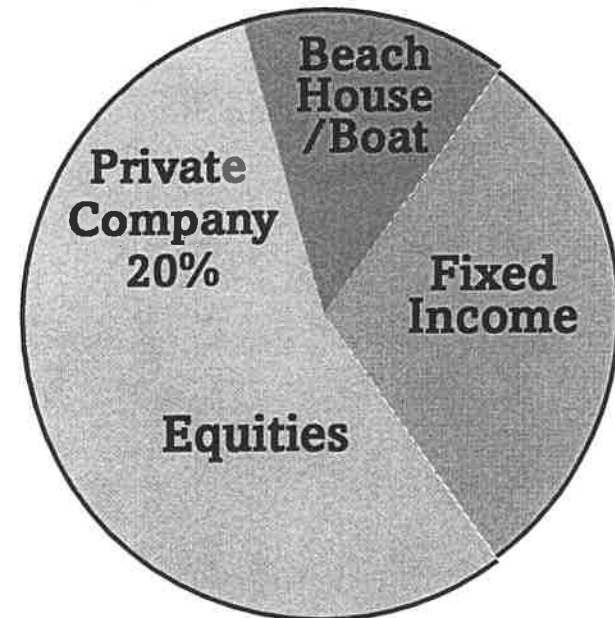
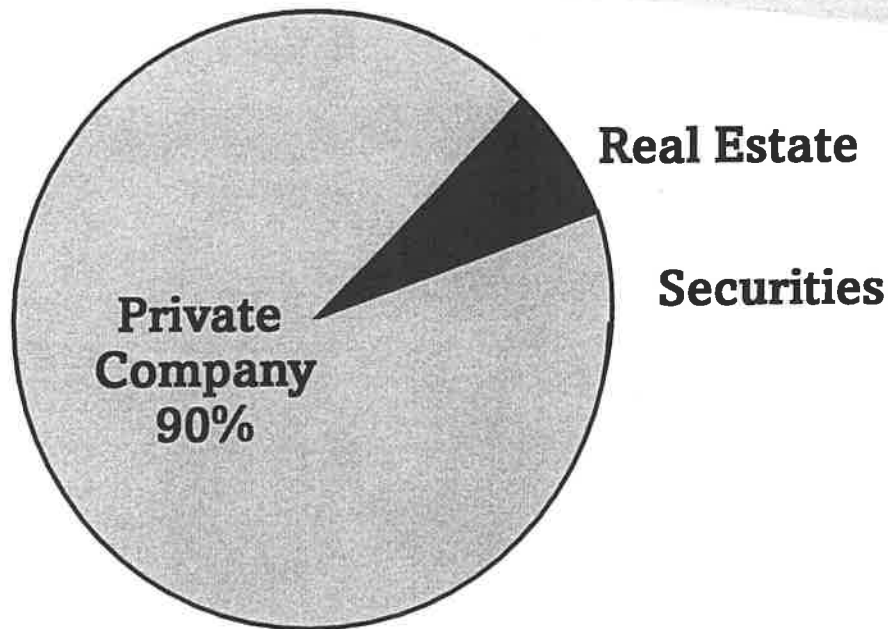


The Six-Step Exit Planning Process

2 Analyze Financial Readiness



Diversification - How Will You go From



The Six-Step Exit Planning Process

2 Analyze Mental Readiness



What will you do after exit?



The Six-Step Exit Planning Process

2 Analyze Mental Readiness



**Are You
Ready
To Leave?**

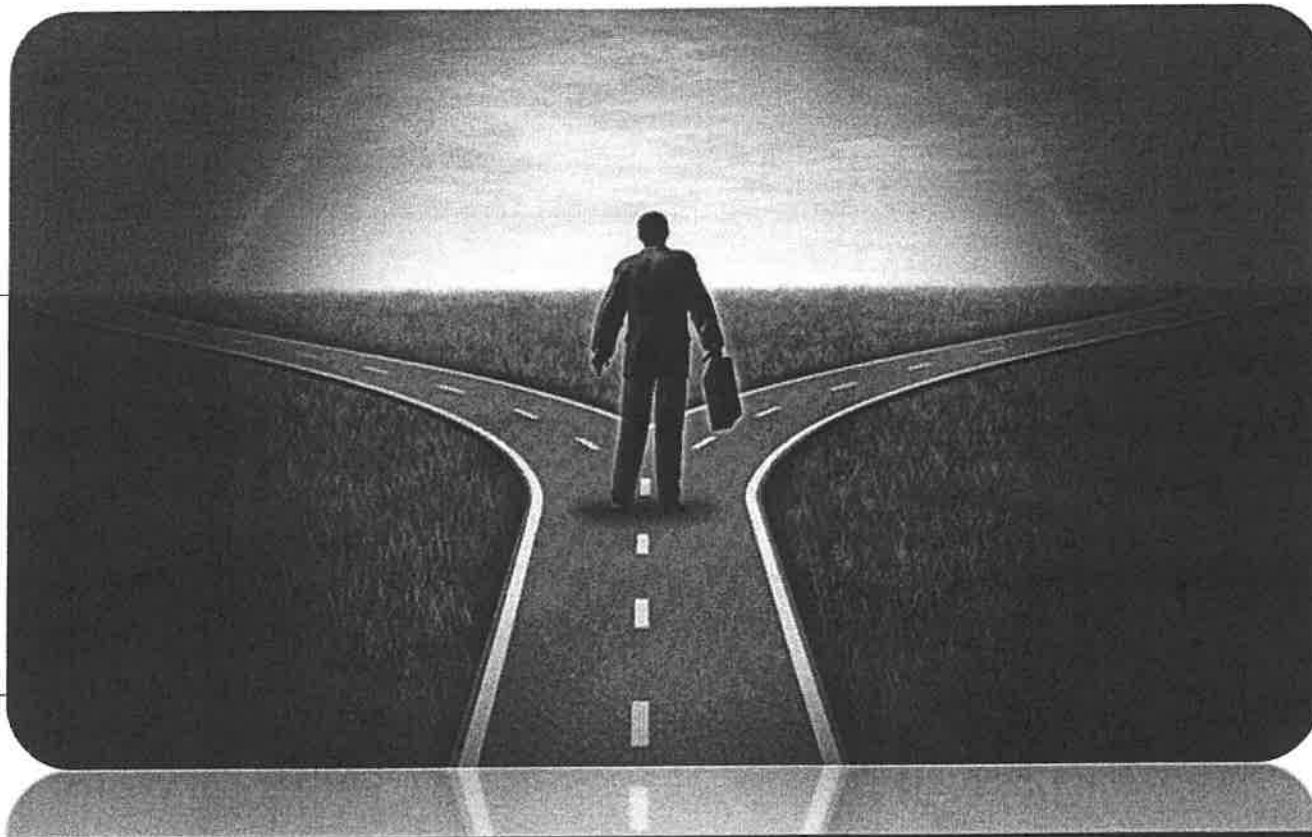
- How involved are you in day-to-day operations?
- Do you have a plan for how you will spend your leisure time?
- Do you see your business as a return on invested capital, or as the provider of your lifestyle?
- Are you “addicted” to your business?

The Six-Step Exit Planning Process

3 Identify the Type of Exiting Owner You Most Resemble



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The Six-Step Exit Planning Process



3 Identify the Type of Exiting Owner You Are – Four Type

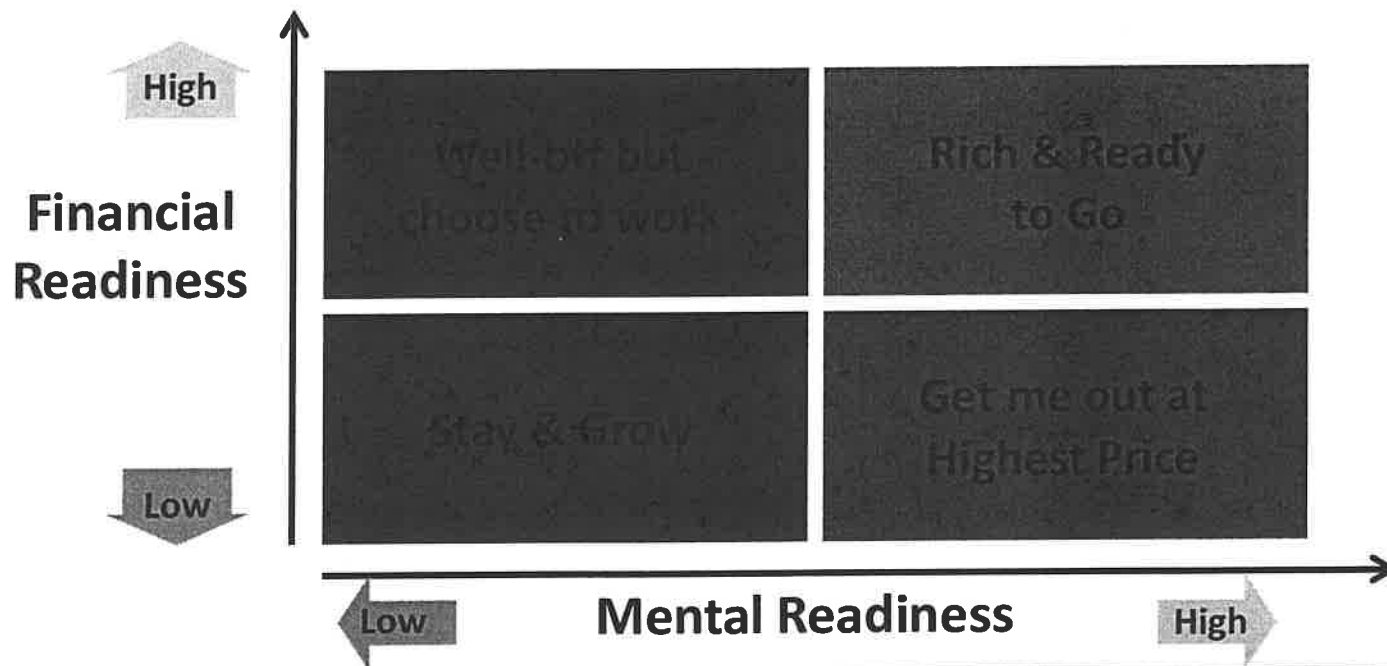
1. Get me out NOW for the most money!
2. I'm financially set, but I like work and choose to stay.
3. My company isn't worth what I want, so I'll stay, grow, and save.
4. I'm financially and mentally ready to move on.

The Six-Step Exit Planning Process

3 Identify the Type of Exiting Owner You Are

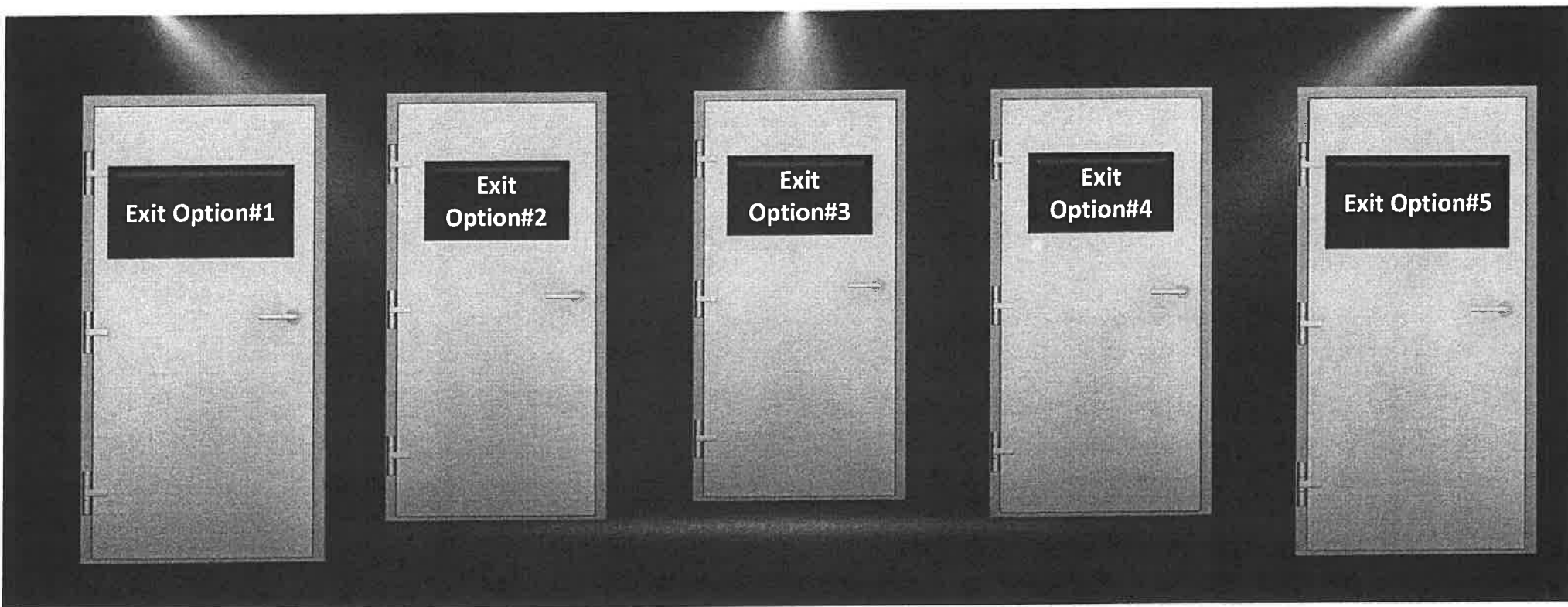


Exit Quadrant Chart



The Six-Step Exit Planning Process

4 Learn Your Exit Options



The Six-Step Exit Planning Process

4 Learn Your Exit Options



Five Primary Exit Options

1. Sale to Third Party
2. Private Equity Group Recapitalization
3. Employee Stock Ownership Plan (ESOP)
4. Management Buyout (MBO)
5. Gifting Programs

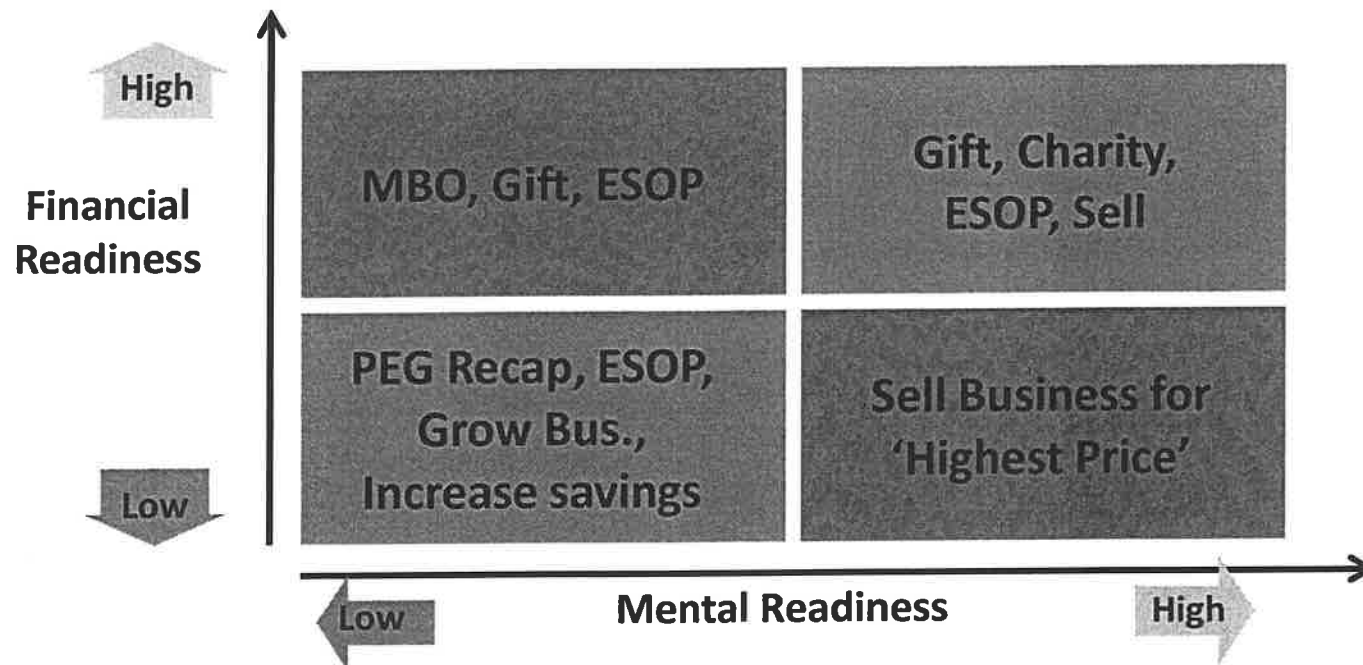


The Six-Step Exit Planning Process

4 Learn Your Exit Options



The primary exit options fit into our Exit Quadrant Chart



Agenda



1

Introduction

2

The Six (6) Step
Exit Planning
Process

3

The Business Exit
Readiness Index™
Report

4

Learning Your
Options and
Customizing your
Exit Plan

The Business Exit Readiness Index™ (BERI™)



The BERI™ Report



**ARE YOU READY
FOR A BUSINESS
TRANSITION?**

TAKE OUR 10 MINUTE READINESS SURVEY

WHETHER YOU WANT TO TRANSITION YOUR COMPANY
IN TEN (10) YEARS OR TEN (10) DAYS, OUR BUSINESS EXIT
READINESS INDEX WILL HELP YOU GET
ON THE RIGHT PATH

*A FREE SIX (6) PAGE REPORT CUSTOMIZED TO YOUR
ANSWERS FOLLOWS YOUR TEN (10) MINUTE SURVEY*

CLICK HERE

Survey Methodology

The BERI® survey asks twenty questions related to an owner's financial and mental readiness

Survey Results

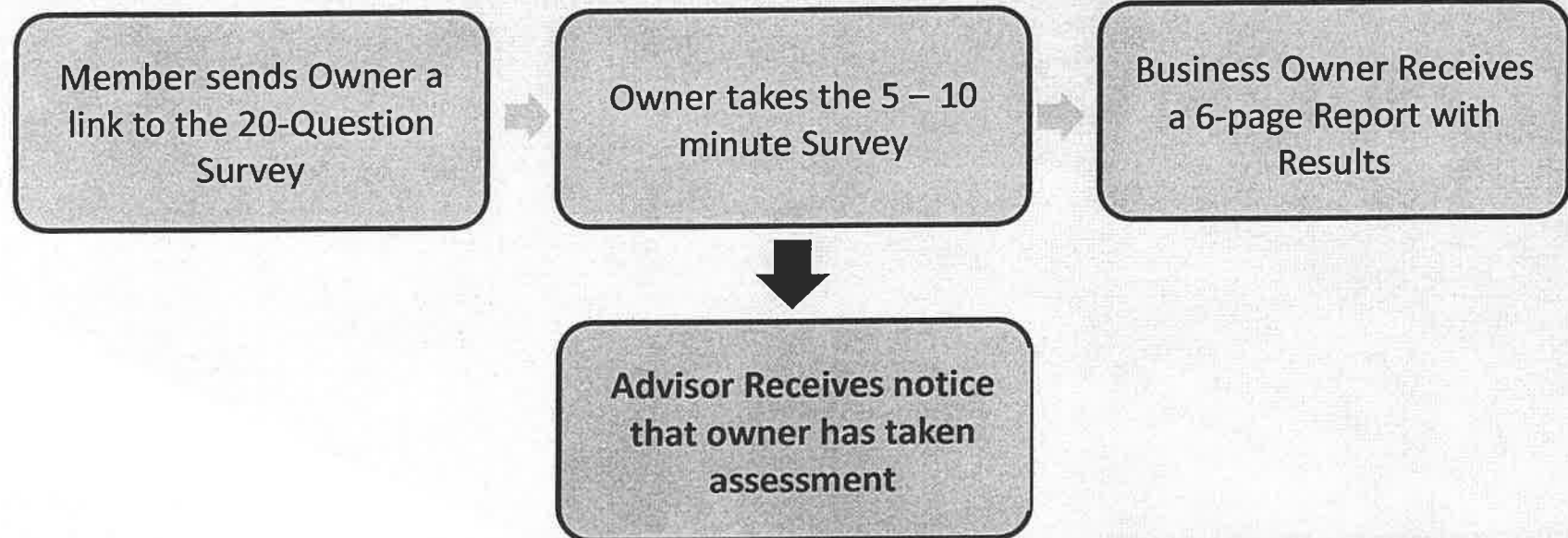
85% of owners who took the BERI® survey scored themselves as having a LOW mental readiness for an exit

The Business Exit Readiness Index™



The BERI™ Report

How it Works



The Business Exit Readiness Index™



The BERI™ Report - Questions

Question	Agree	Somewhat Agree	Disagree
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

Business Exit Readiness Index - Survey Questions			
Question	Point Allocation		
	Agree	Somewhat Agree	Disagree
Financial Readiness			
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

The Business Exit Readiness Index™



The BERI™ Report - Questions

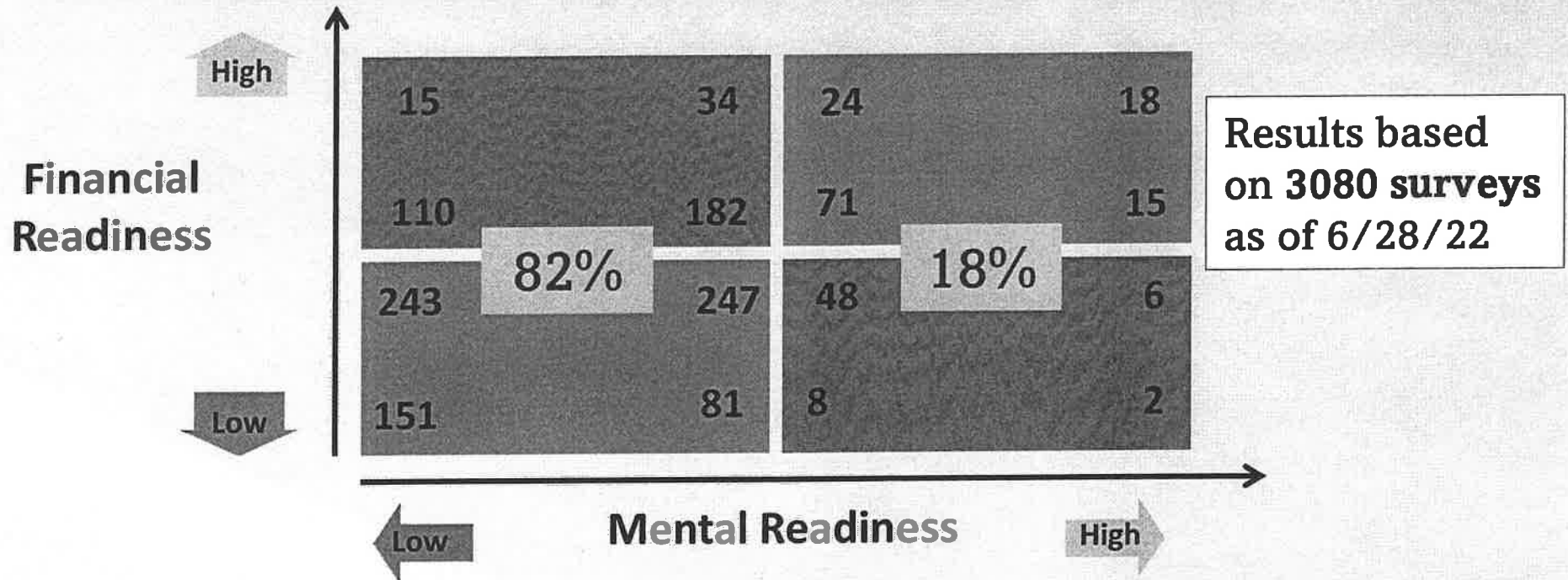
Question	Score	Weight	Answer
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Question	Score	Weight	Answer
Mental Readiness			
11	I have a specific, written plan as to how I will spend my time, in a productive manner, when I am no longer running my business.		
12	I have considered, planned for, and am excited about the changes and opportunities that await me outside of my business and am ready to make the change that liberates me from running my company.		
13	I take a larger than average (i.e. more than 3 weeks) amount of vacation time each year and, while I'm away, I'm able to substantially limit the work that I am doing and the frequency with which I check e-mail and / or call into the office.		
14	Although I have mastered much of what there is to know about my industry and / or trade, I feel as though the time has come to pursue my next venture and I'm ready to find a way to move to this next stage.		
15	There are people who work for me that I have prepared for future ownership and management of the business. I have trained them to do what I do, structured the business to run without me, and I'm confident in my ability to transition my current responsibilities at the company		
16	I have not grown the business in the last few years because I simply don't want to deal with the additional aggravation that accompanies growth-related initiatives.		
17	The thought of running and growing my company for another three (3) to five (5) years sounds a bit like an eternity given my current feelings towards the business.		
18	I have a specific, written plan as to when I would ideally like to exit my business and move into my next project and / or phase of life.		
19	I do not approach running the day-to-day operations of the business with the same enthusiasm as I once did and I often feel 'bored' with the company		
20	I have prepared myself by understanding the legal and tax implications of a business transition and I'm confident that I'm ready for these aspects of the business transfer		

The Business Exit Readiness Index™



Business Owner Survey Results (as of 06/28/22)



Agenda



1

Introduction

2

The Six (6) Step
Exit Planning
Process

3

The Business Exit
Readiness Index™
Report

4

Learning Your
Options and
Customizing your
Exit Plan

The Six-Step Exit Planning Process



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5 Identify the Type of Exiting Owner You Most Resemble



The **6**-Step Exit Planning Process



1 Establish Exit Goals

2 Analyze Financial and Mental Readiness

3 Discover The Type of Owner You Are

4 Learn Your Exit Options

5 Know the Value of Your Exit

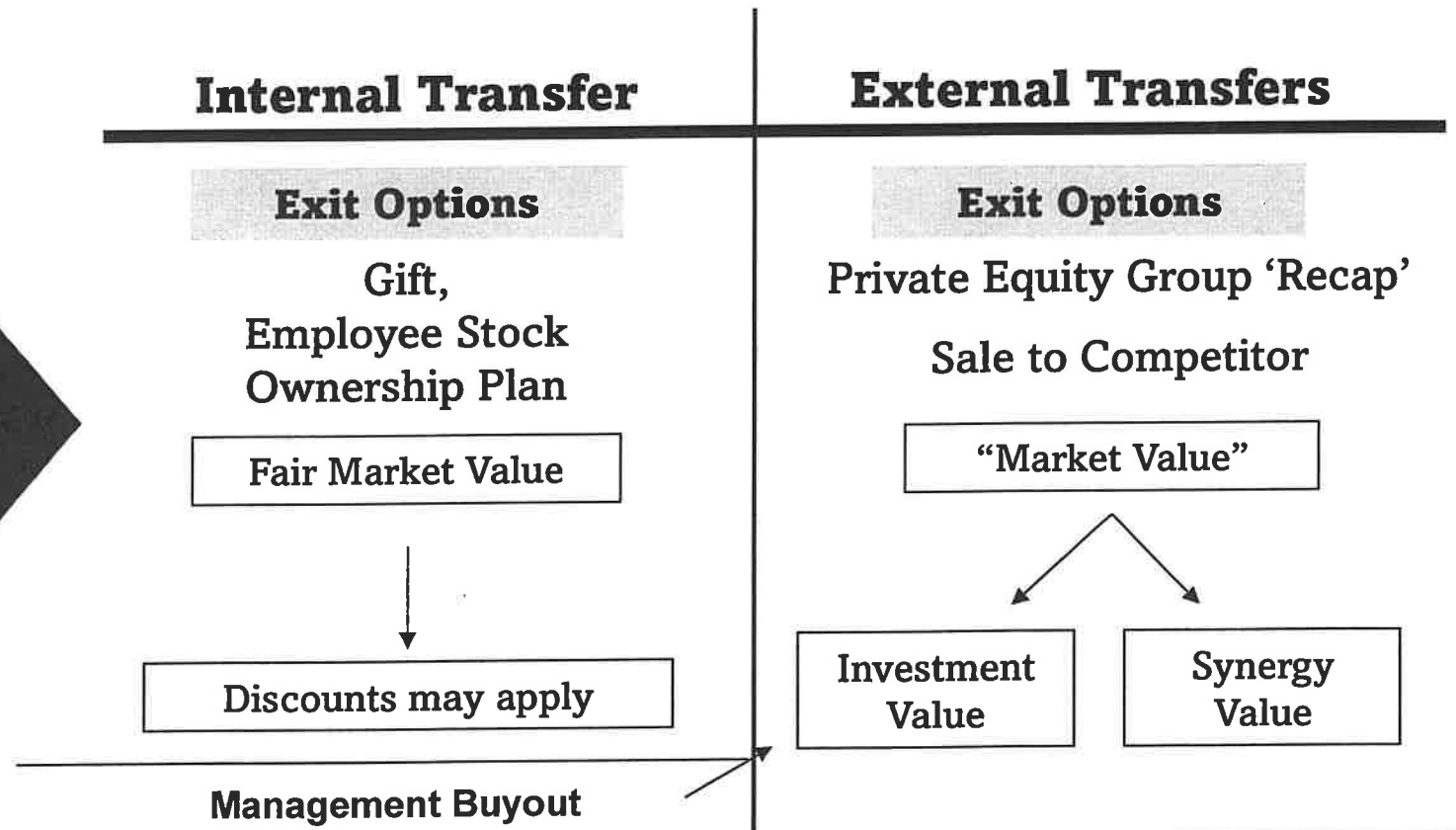
6 Execute Plan – Protect Your Wealth



The Six-Step Exit Planning Process



5 Know the Value of Your Exit

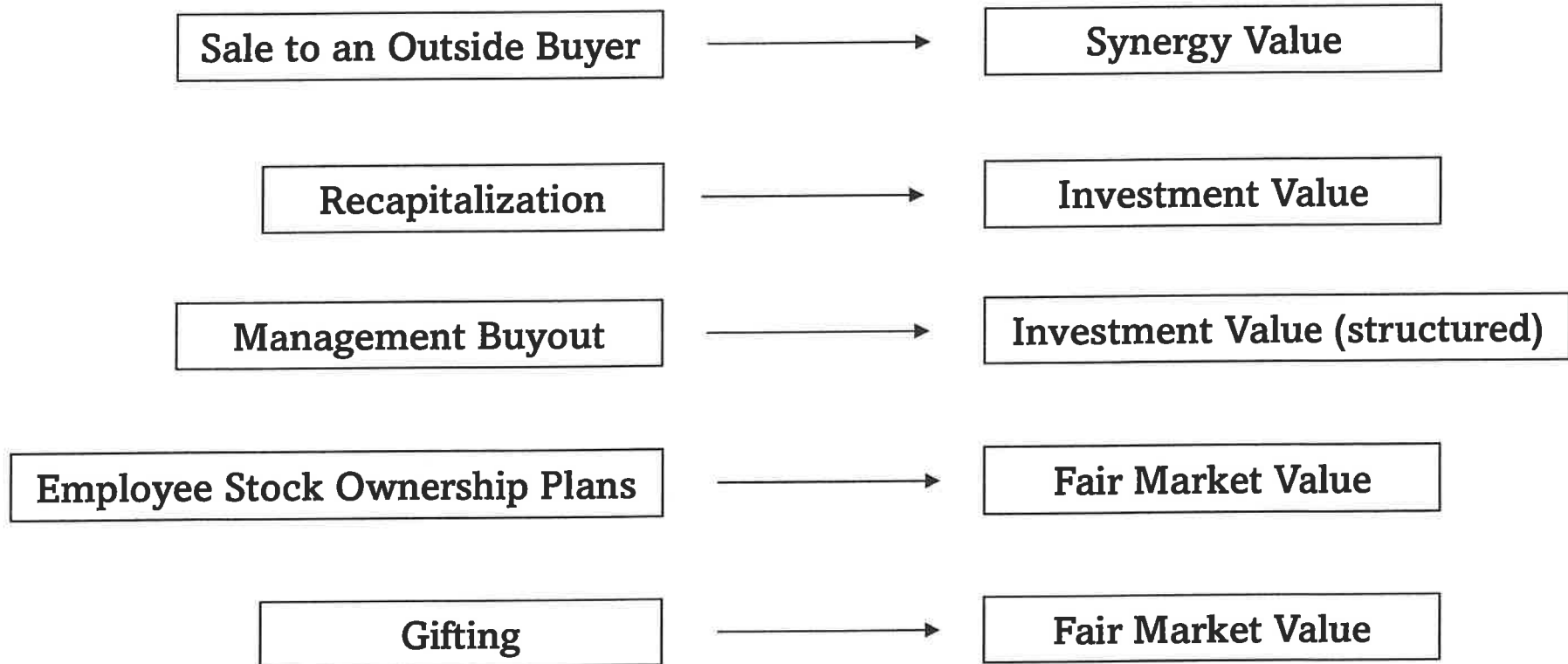


The Six-Step Exit Planning Process



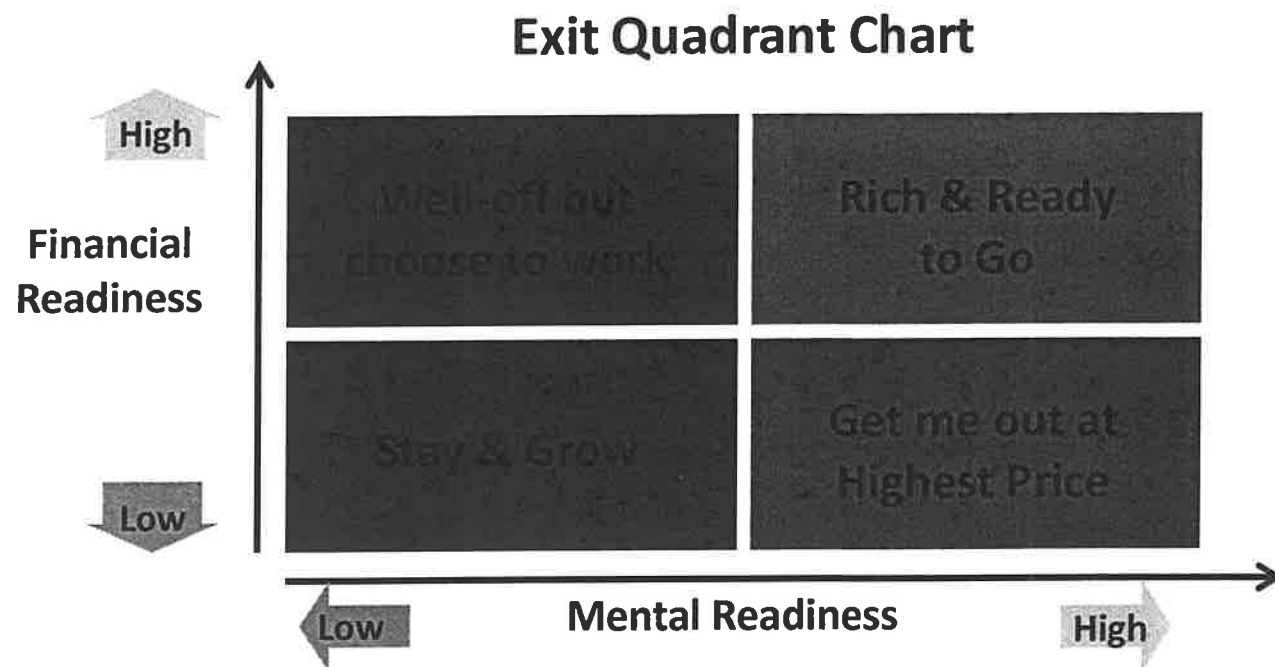
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5 Know the Value of Your Exit





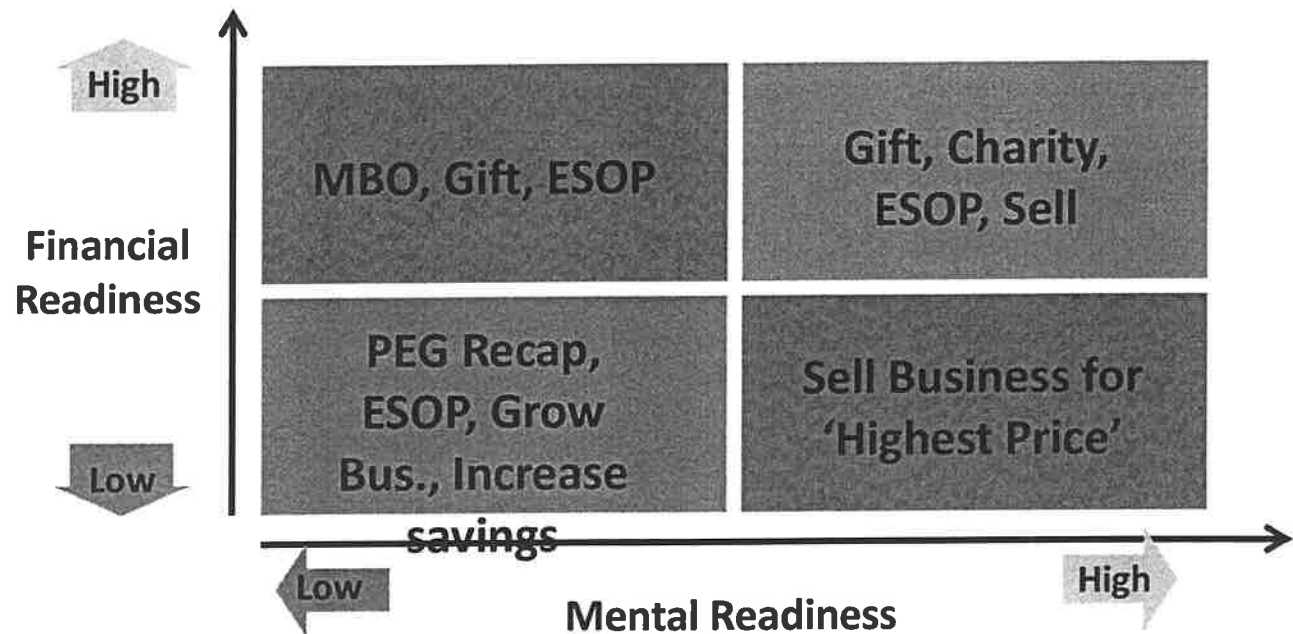
- Set Exit Goals based on Financial & Mental Readiness
- Review the Exit Quadrant Chart & 4 Types of Exiting Owners



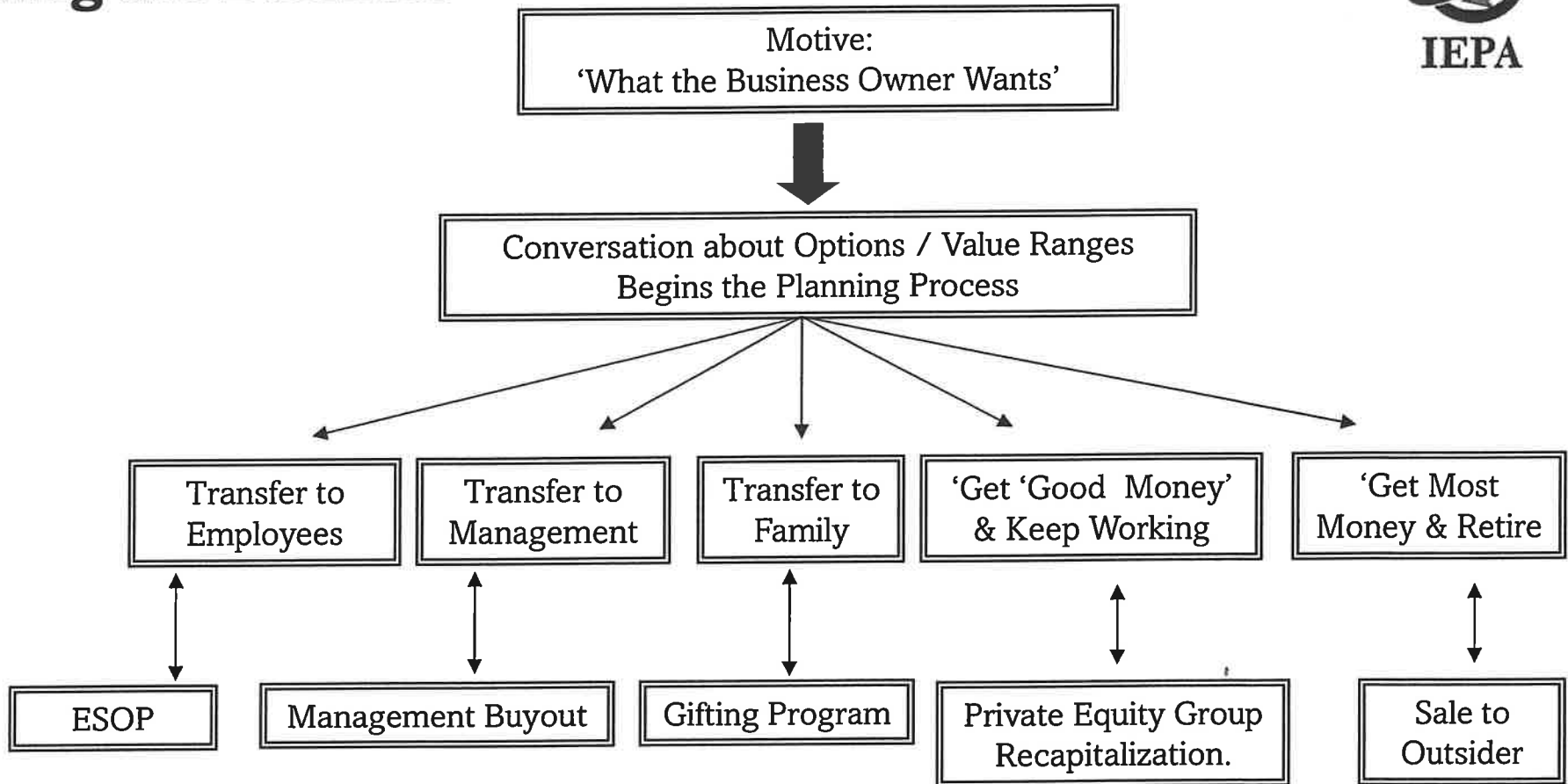


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- Evaluate Your Exit Options and their Values to see if your Goals are met



Selling the Business

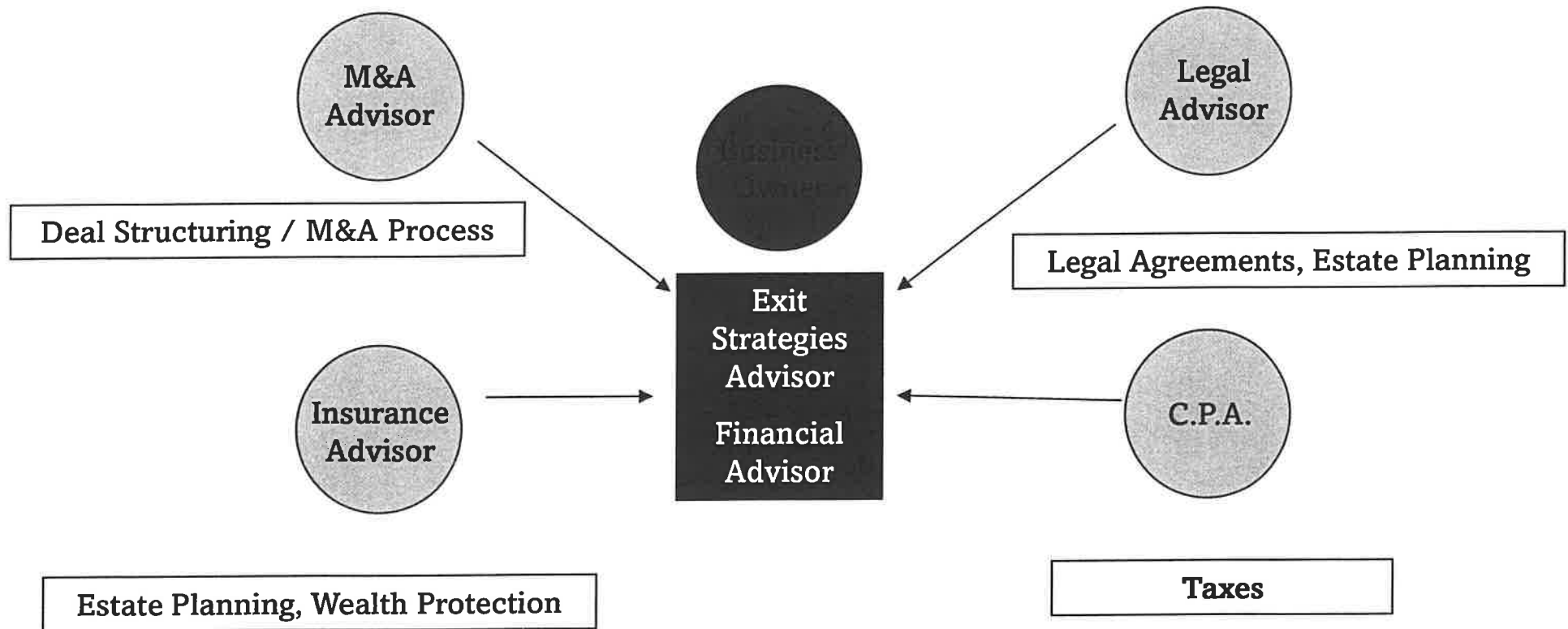


Assemble Your Advisory Team

- The Assembly and functioning of your advisory team is critical to success.
- Choose carefully and let your plan motives drive the process.



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Concluding Thoughts

“Begin with the end in mind”

Stephen Covey, The Seven Habits of Successful Living

Exit Planning is a process, not an event.

A holistic review of your wealth
and goals is the first step.



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