OWNERSHIP TRANSFERS TO THIRD PARTIES

A Component of

The Seven Step Exit Planning Process™

The Seven Step Exit Planning Process™ is comprehensive enough to address all of the key elements required to create a successful Exit Plan, and flexible enough to work with each business owner's planning style. Although some business owners prefer to develop their Exit Plan as part of one multi-facetted process, others prefer to work through the Exit Planning process in stages.

For those who want a staged approach, the owner and his or her advisors can prioritize the elements of the Exit Plan and complete each component sequentially, rather than all at once. In these situations the owner and advisors identify each Component of the Exit Plan to be addressed and create a schedule for addressing and completing that Component before moving on to the next.

For owners who are focused on Ownership Transfers to Third Parties, the Exit Planning Process can be modified as follows:

STEP 1

IDENTIFY OWNER OBJECTIVES

Each Component of the Exit Plan relies on the owner's objectives with respect to that Component and also propels the business owner closer to achieving his or her overall Exit Planning objectives (to the extent that they are known). Owner objectives in this Component may include restructuring the business in order to minimize taxes at its sale, motivating employees to remain involved with the business through a transition to new ownership or organizing the business' internal operations to facilitate the sale process.

STEP 2

IDENTIFY BUSINESS AND PERSONAL FINANCIAL RESOURCES

In addition to identifying what a business owner wants, it is equally important to determine what owners have – the current value of the business and its current and projected cash flow. The owner and his or her advisors use current business value and projected cash flow to predict the price and terms that may be attainable from a third party buyer and to set the parameters of what the owner will and will not accept in the transaction. The owner must perform this analysis in light of his or her personal non-business resources so that the after-tax proceeds of a sale of the business do not fall short.

COMPONENT

OWNERSHIP TRANSFERS TO THIRD PARTIES

Preparation for the sale of a business to a third party buyer and the completion of the transaction itself require focus, planning and stamina. Many business owners do not realize the complexity and details involved in a third party sale until they are surrounded by it wondering which way to turn. Taking appropriate steps before the business goes on the market and conducting the sale process in an organized and efficient manner can reduce stress on both the business owner and the business while maximizing the likelihood of success of the transaction on terms satisfactory to the owner.

POSSIBLE COMPONENT RECOMMENDATIONS:

- Preparing the Company for Sale (Pre-Sale Due Diligence)
- Reducing Company Debt Prior to Sale
- Pre-Sale Tax Planning
- Identification of Potential Buyers
- Stay Bonus for Employees
- Pre-Sale Planning for Business Real Estate

IMPLEMENTATION AND FOLLOW THROUGH

The business owner and his or her advisors work together to design and finalize the Recommendations that will drive the owner toward reaching his or her objectives. Once Recommendation details and decisions are complete, an organized and systematic implementation of each Recommendation follows. Finally, they focus their attention on the next Component that will fit into the owner's comprehensive Exit Plan.

Business owners who can benefit from this Component typically say to themselves...

"I've never sold a business before. What is involved?"
"I'll feel more confident in my negotiations
if I've already done my homework and know what to expect."
"I want to sell my business. Where do I start?"