



Business Development Group, LLC
business coaching | advisory | exit planning

Exiting Your Business Incorporating Value Acceleration Initiatives

A Sample 3-Year Time Horizon

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Purpose

Business owners that are looking to sell their business for the maximum value possible are often surprised at the amount of time it takes to evaluate the business, identify, and perform value increasing activities, and the overall selling process.

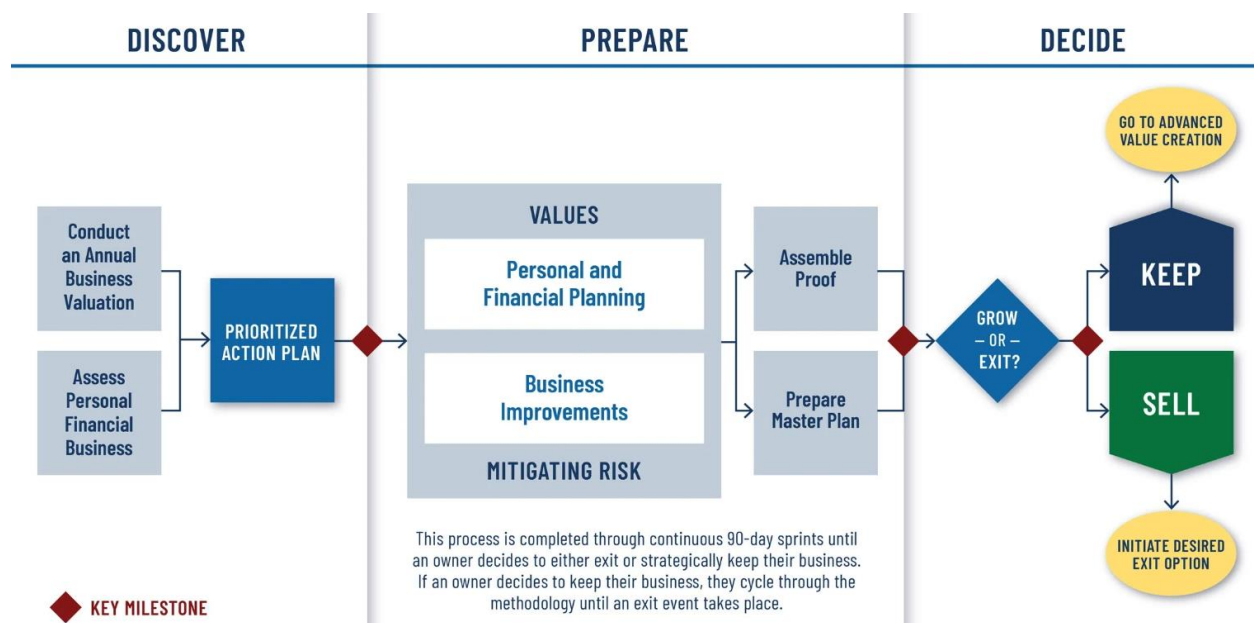
This document can be used to explain the process and to set expectations with the business owner(s) and leadership teams.

Every engagement is different. Not all steps in this document may be required, some may be in different sequence, and there may be others not included.

This *general guideline* is expressed in a 36-month period from a Certified Exit Planning Advisor's perspective focused on Value Acceleration Initiatives. Your particular time horizon, company structure, requirements and goals may differ.

If you have additional questions or feedback, feel free to reach out to Eric Degen, CPA, CGMA, CEPA, LPBC, CMEC at edegen@TitanBDG.com.

Overview of The Value Acceleration Methodology:



Sample Cadence:

Engage a Certified Exit Planning Advisor

Months 1-2: Initial Engagement & Value Assessment

- **Identify Goals for Future Exit:** Discuss and identify Owner's personal, financial, and business goals.
- **Conduct the Attractiveness Assessment:** Understand how appealing the business is to potential external stakeholders.
- **Conduct the Readiness Assessment:** Evaluate the business's internal preparedness for a successful exit. Engage with a CEPA to outline clear exit objectives and understand the current business value.
- **Attractiveness & Readiness Assessments:** Evaluate the company's market allure and its internal readiness for a profitable exit.
- **Business Valuation:** Prepare an adjusted version of the financial statements and generate an indication of estimated business value based upon the initial assessments, to use both educationally and for benchmarking initiatives.
- **Valuation and Goals Review:** Review results with owner to determine if value of business closes their financial wealth gap. If so, engage legal, financial, and M&A resources. If not, proceed with Value Acceleration Initiatives.

Value Acceleration Initiatives

Months 3-5: De-risking initiatives

- **Financial De-risking:** Address financial discrepancies, clear up debts, streamline financial operations, address any irregularities in the financials.
- **Operational De-risking:** Optimize workflows, decrease supplier dependencies, and address other operational vulnerabilities.

- **Management De-risking:** Ensure there is no overreliance on a single leader or a few key employees. Create succession plans, investigate need for buy/sell agreements, key man insurance, and employment contracts.

Months 6-10: Addressing Issues Identified in Attractiveness Assessment

- **Market Position Strengthening:** Elevate market presence through competitive analysis, diversified offerings, niche establishment, and/or new markets.
- **Customer Engagement:** Enhance customer retention, diversify client base, and improve overall customer satisfaction.
- **Operational Enhancements:** Implement best practices, modernize tools, optimize and document process for efficient operations.

Months 11-15: Addressing Issues Identified in Readiness Assessment

- **Leadership & Management Enhancement:** Enhance leadership skills internally or recruit adept external talent to ensure stability.
- **Financial Systems Improvement:** Ensure financial processes are transparent, consistent, and robust. Refine accounting systems, improve financial reporting, and enhance revenue streams based upon findings.
- **Operational Scalability:** Integrate systems and processes that ensure the company can grow without compromising service or quality.
- **Technology Audit:** Assess current IT systems and infrastructure to identify opportunities for upgrades, integrations, and new solutions to support growth.
- **IP Protection:** Review any patents and trademarks, review licensing agreements, and implement processes to safeguard intellectual property.

Months 16-18: Final Evaluation & Continuous Improvement

- **KPI Monitoring:** Regularly track metrics to gauge the success of the implemented value accelerations initiatives and identify areas for adjustment.
- **Feedback Integration:** Incorporate insights from stakeholders to continuously refine and elevate business operations.

- **Value Review:** Perform indication of business value to determine Sell or Continue.

Decision Milestones

- **Sell the Business-** If the business value equals or exceeds owner's goals and wealth gap after implementing value acceleration initiatives, proceed to Pre-Sale Preparation.
- **Continue Value Acceleration Initiatives-** If business value is below owner's goals and wealth gap, continue with value acceleration initiatives.

Months 19-20: Pre-Sale Preparation

- **Consult with an Estate Planning Attorney and Wealth Management Professional:** Safeguard personal and business assets in light of the enhanced company value, ensuring a smooth transition for post-sale operations.

Months 21-24: Engaging M&A and Market Engagements

- **Engage a Business Broker or M&A Advisor:** Conduct a market assessment and review/enhance business valuations, considering all the value-added changes.
- **Quality of Earning Report:** Provide a deep dive into the firm's financial health, demonstrating stability and potential to prospective buyers.
- **Market the Business:** Showcase the refined business aspects to a curated list of potential buyers, emphasizing its enhanced value.
- **Engage Bankers:** Secure favorable financial terms and explore potential financing structures for the transactions if needed (*example: for some internal transfer strategies*).

Month 25-27: Identification of Potential Buyer and Agreement on LOI

- **Potential Buyer Discussions:** Foster discussions with interested parties, leveraging the company's enhanced appeal.

- **Signing of LOI:** Solidify buyer interest with a formal agreement, paving the way for in-depth due diligence.

Month 28-30: Due Diligence Process

- **Facilitate Due Diligence:** Offer detailed insights into all business aspects, reinforcing transparency and fostering buyer trust.
- **Addressing Identified Issues:** Promptly address and rectify any concerns raised, ensuring a transparent and frictionless transaction process.

Month 31-33: Transaction Details & Closing

- **Transaction Fine-tuning:** Negotiate final terms, ensuring all parties are aligned on the sale's specifics.
- **Closing:** Complete all paperwork, finalize fund transfers, and transition business ownership seamlessly.

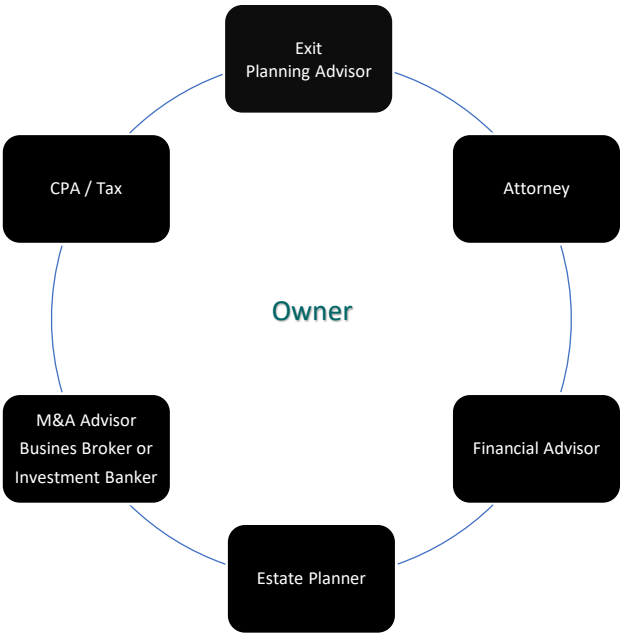
Post-Closing

Month 34-36: Post Closing Activities

- **Transition Assistance:** Provide consulting, training, or other assistance to new owners for a smooth transition, as contractually agreed.
- **Wealth Management:** Work with financial advisors to manage sale proceeds and invest towards retirement and wealth goals.
- **Lifestyle Planning:** Plan for the next chapter whether pursuing a new venture, spending time with family, traveling, or any other goal.
- **Ongoing Tax Planning:** Continue working with CPAs/accountants on tax implications of sale and planning for future years.
- **Legal Changes:** Update wills, trusts, estates, and other legal documents in light of change in assets and net worth.

- **Philanthropy Planning:** Consider charitable goals and develop a giving plan as desired.
- **Health, Wellness and Purpose Planning:** Focus on health, relationships, personal growth, and finding new meaning/purpose.

Your Exit Planning Team May Include:



Your notes:
