

## Exit Planning for Business Owners

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Have you thought about getting out of your business? Is your wealth locked up in your company? Do you know how to convert the value of your company to cash? Does the idea of exiting your company seem overwhelming ...yet exciting?

Cottrill Arbutina helps business owners answer these questions. As one of the 9.5 million business owners in the United States, you are likely to be over 50 years old. According to a Pricewaterhouse Coopers' survey of companies in the \$5 million to \$150 million of value range, there's a two in three chance that business owners plan to leave his or her company within the next ten years. Yet, only 22 percent report having done a great deal of succession planning.

Given that your exit from your company is likely to be the most significant financial event of your life, what are you waiting for? If you are ready to start planning for your inevitable business exit, then give us a call and we will help guide you through the process of cashing out of your business and moving on in style.

**You Are Not Alone.** If you have thought about leaving your business but don't know how to begin, you are in good company. Nearly 50 percent of successful business owners hope to exit their companies within the next five years. Unless those owners are familiar with The Seven Step Exit Planning Process,<sup>™</sup> it is doubtful that they will exit in style.

In fact, the SBA observes that "At any given time, 40 percent of U.S. businesses are facing the transfer of ownership issue" and "the primary cause for failure...is lack of planning."

**Three Elements of a Successful Exit.** To exit successfully, owners need:

- *A Road Map* - Exit planning is a process that helps owners decide where they want to go as well as how to get there.
- *Experienced Guides* - Owners must assemble a team of trained and experienced advisors to guide them through choices and decisions as they work toward their exit goals.
- *Implementation* - Success depends upon a disciplined implementation timetable keyed to an owner's exit plan.

Without experienced advisors, an exit plan and an implementation timetable, the chances for a successful exit are slim.

**How We Can Help** - To help you create your plan, we coordinate your advisors and implement your plan based on your timetable. As members of The BEI Network of Exit Planning Advisors<sup>™</sup> we know how to guide you to your successful exit. Using a systematic Exit Planning Process developed over the last 25 years, you decide:

- When you wish to leave your business;
- What amount of cash you need when you exit; and
- To whom you want to transfer the business.

Our system is a process, not a product. We aren't vested in promoting a particular goal. Instead, we work to identify and to accomplish your goals. Our system works because it is a customizable process that takes you to the successful exit you desire.

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**The BEI Network of Exit Planning Advisors™** - We are members of this network for three simple reasons. It provides us with:

- Access to updated tools, changing information and state-of-the-art design ideas necessary to design an effective exit plan for your specific situation;
- Access to other trained exit planning advisors in a variety of disciplines. We can draw upon their ideas (if necessary) when designing your plan; and
- Ongoing education to keep us at the cutting edge of exit planning.

**Are Your Trusted Advisors Asking About Your Plans for a Successful Exit?** Most advisors don't because they simply don't know that there is a proven exit planning process. Good exit planning requires the coordinated efforts of a number of advisors – minimally, a CPA, attorney, and financial or insurance professional. Working together as your advisory team, advisors skilled in exit planning can help you to achieve your exit goals.

#### **How We Work as Trained Exit Planning Advisors:**

- We work as part of an inter-disciplinary team of advisors.
- We know that a successful exit is the product of trained, experienced professionals who work together to meet your exit planning goals.
- We create owner-centered exit plans based on your goals, objectives, and concerns. Only after listening carefully to your answers to the questions listed in this brochure, and dozens of other questions, do we begin to create your unique exit plan.

#### **7-Step Owner Planning Checklist**

1. Have you decided:
  - When you want to leave your business? Yes\_\_\_ No\_\_\_
  - What amount of cash or annual cash flow you will need when you exit? Yes\_\_\_ No\_\_\_
  - To whom you want to transfer your business? Yes\_\_\_ No\_\_\_
2. Based on future cash flow, do you know how much your business is worth today? Yes\_\_\_ No\_\_\_
3. Do you know how to best maximize the income stream generated by your ownership interest – both before and after you leave your business? Yes\_\_\_ No\_\_\_
4. Do you know how to sell your business to a third party and pay the least possible taxes? Do you know if your business is even marketable? Yes\_\_\_ No\_\_\_
5. Do you know how to transfer your business to insiders (family, employees or co-owners) while paying the least possible taxes and enjoying maximum financial security? Yes\_\_\_ No\_\_\_
6. Do you have a plan for your business if the unexpected happens to you? Yes\_\_\_ No\_\_\_
7. Have you taken steps to protect your family's wealth? Yes\_\_\_ No\_\_\_

**For More** - Cottrill Arbutina is pleased to provide a free, no-obligation initial consultation to discuss your situation. Please contact our Exit Planning Group leaders Tod Arbutina (tarbutina@cottrillarbutina.com) and John Ellsworth (jellsworth@cottrillarbutina.com) to learn how to get started.