



What's Your Definition of Success?

- Highest sales price?
- Fastest sales process?
- Accomplish personal goals?
- Highest net proceeds?
- Best strategic fit?



Do not Gamble

In effect Business Owners play the exit slot machine ... but the rules are different.



LOSE!!!

Getting three in a row means you lose, not win!

The New Rules

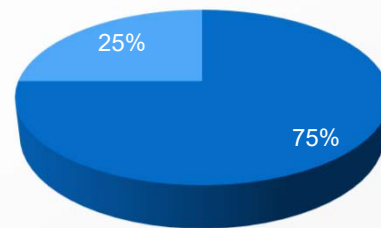
To win you must line up the

- Personal issues in the first box
- Business issues in the second box
- Market issues in the third box



Why?

Selling Business 12 Months After Closing



■ Regret ■ Happy

They failed to correctly line up the three spinning wheels.

Source: PriceWaterhouseCoopers, Whose Business Is it Anyway?

A Better Way

To win you must get the three different issues to line up perfectly at the same time.



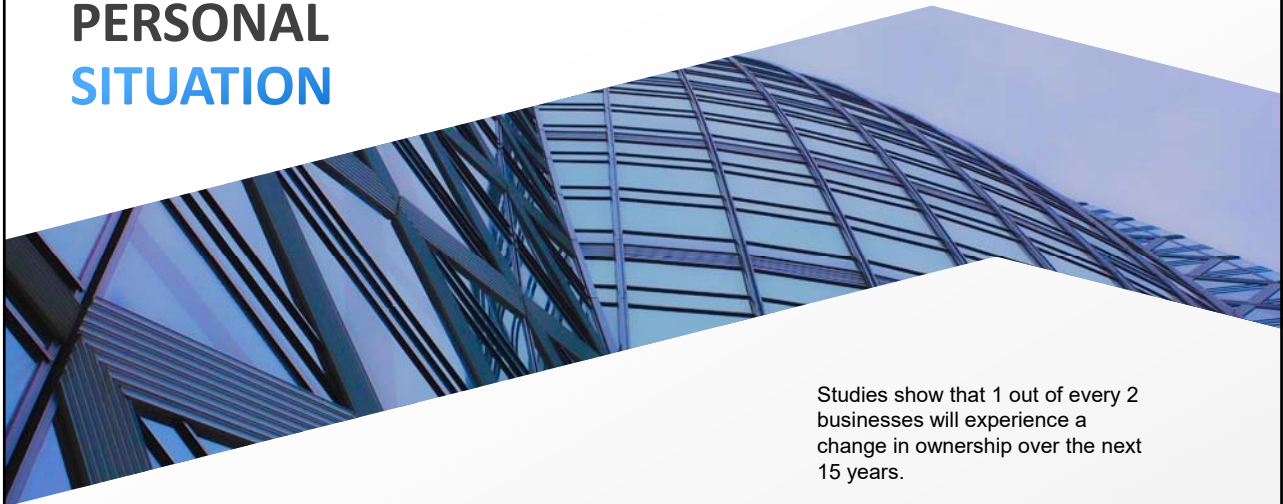
WINNER!!!

This requires a great deal of planning or a great deal of luck!

Personal Issues



PERSONAL SITUATION

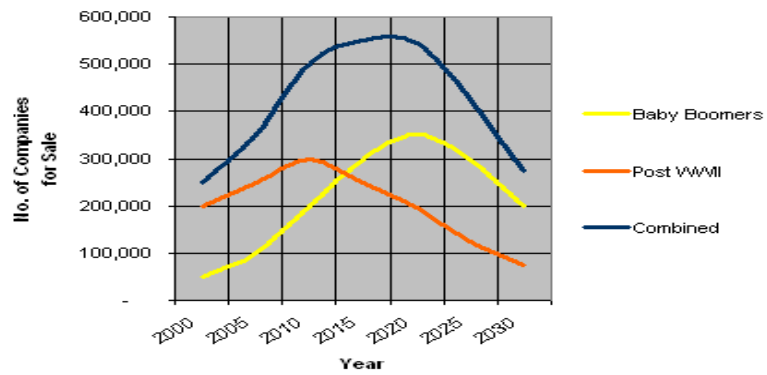


Studies show that 1 out of every 2 businesses will experience a change in ownership over the next 15 years.

Source: PriceWaterhouseCoopers, MassMutual, Marquette University and others

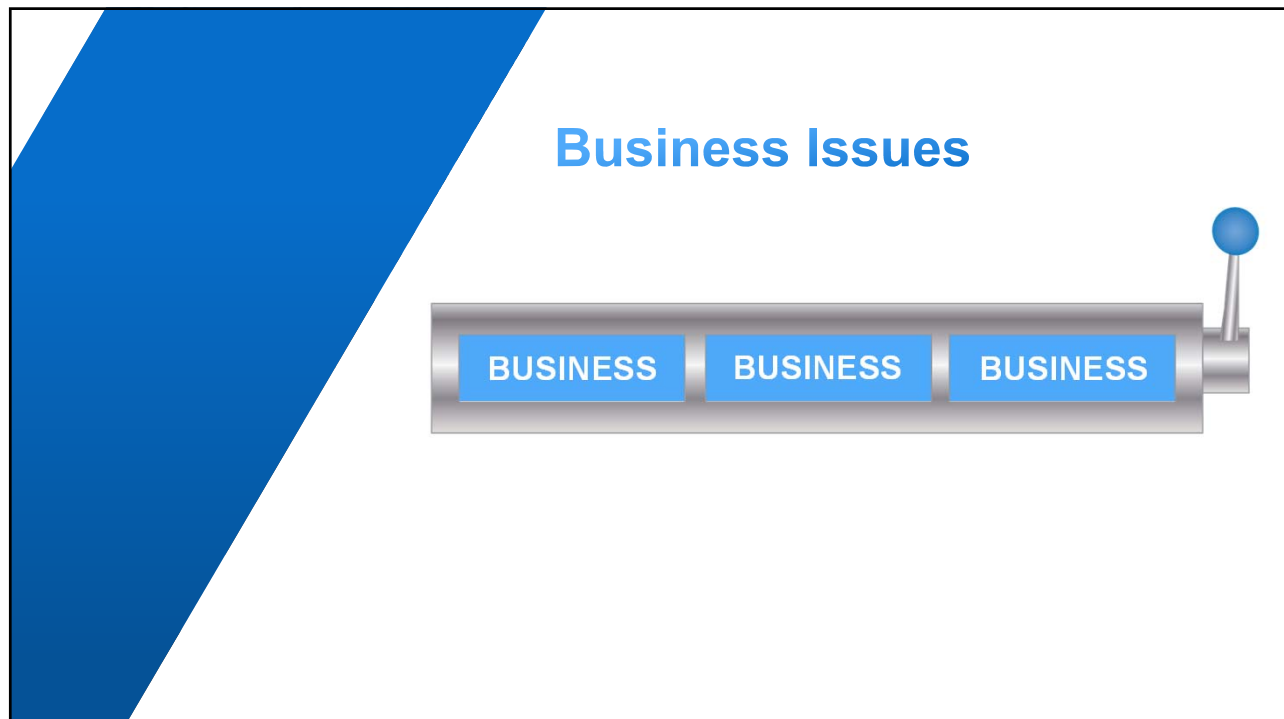
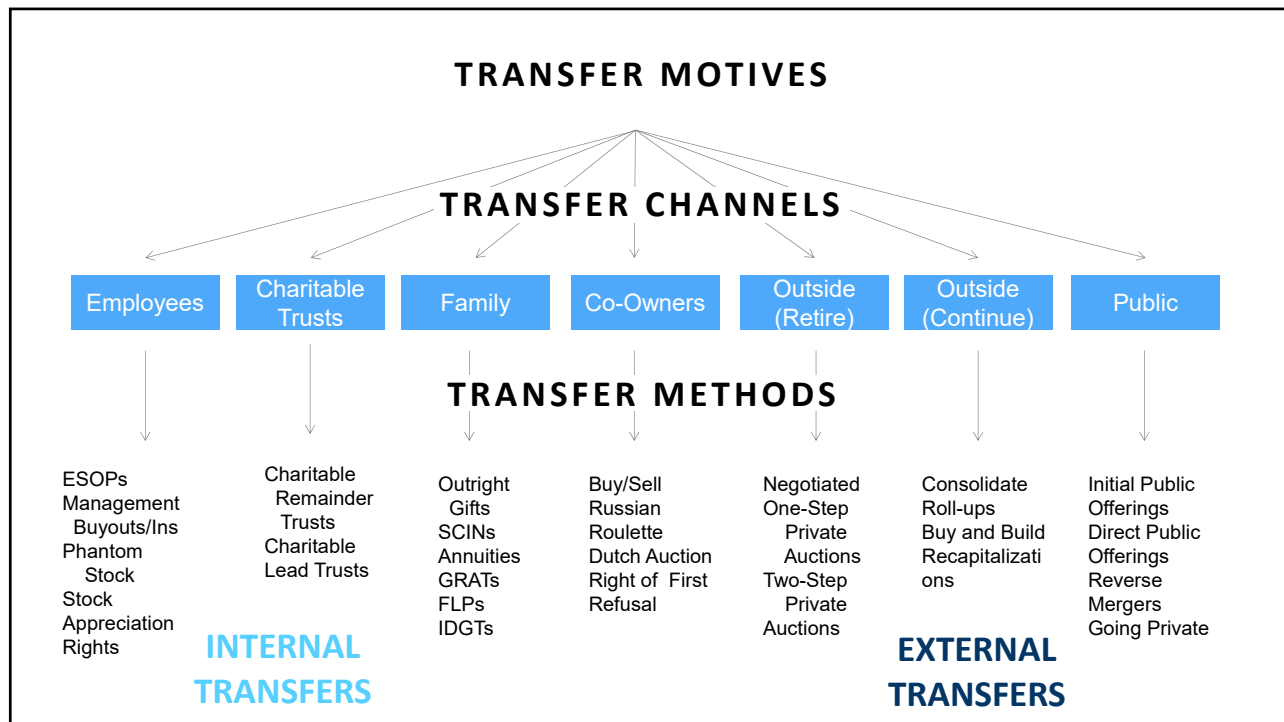
The “Age Wave”

The Effect of the AgeWave on Business Sales



What are your Personal Goals?

- Create family legacy
- Reward loyal employees
- Maintain community presence
- Stay involved in business
- Benefit charitable interests
- Fund retirement lifestyle
- Enjoy more spare time
- Reduce stress



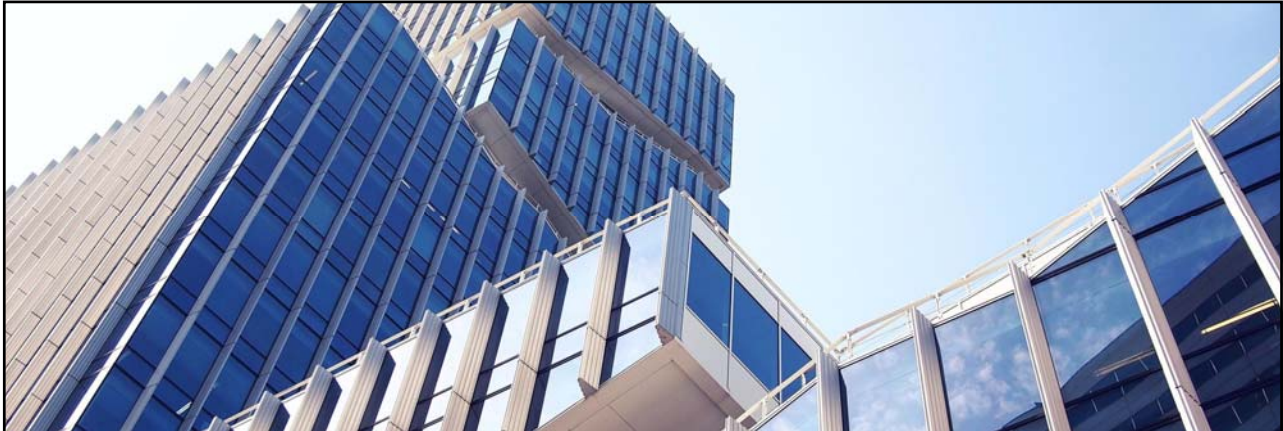
Business Issues

- Increase profitability
- Reduce customer concentration
- Groom management successor
- Increase recurring revenues
- Expand market share
- Reduce cyclicity
- Customer age

Value Factor Analysis

A fundamental analysis of a company's strengths and weaknesses from a buyer's perspective

- | | |
|----------------------------------|-------------------------|
| • Attitude of Owner | • Market Position |
| • Family/Partner Consensus | • Corporate Structure |
| • Barriers to Entry | • Lawsuits |
| • Historical Performance | • Taxes |
| • Products/Services | • Environmental |
| • Management Team | • OSHA |
| • Sales and Marketing Literature | • Intellectual Property |
| • Customer Base | • Track Record |
| • Product/Service Quality | • Operating Margins |
| • Employees | • Shareholder's Equity |
| • Fixed Assets | • Economy |



Keeping Key Employees

- Cash compensation
- Non-cash Benefits
- Stay Bonuses
- Ownership

Measurement Tools

- Financial benchmarks
- Operational benchmarks
- Marketing benchmarks
- Buyer/ Seller benchmarks

Make sure they are significant, relevant and measurable.

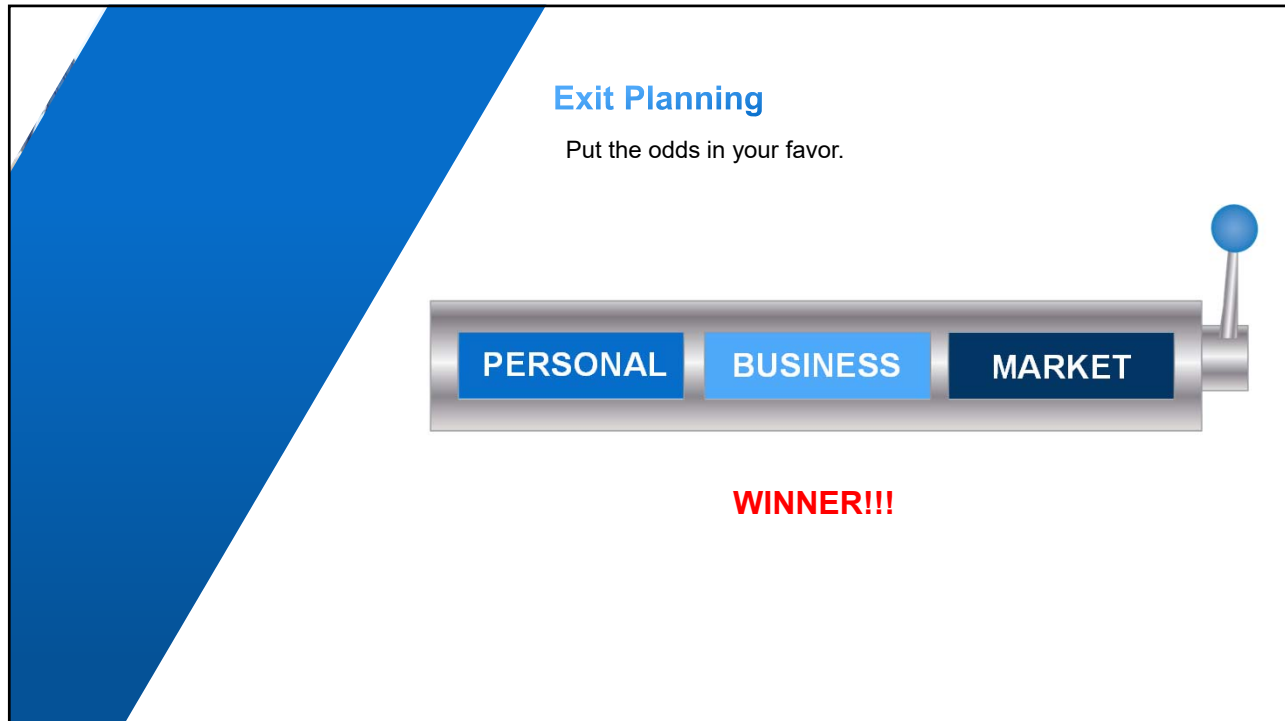
Market Issues



Why Is the Market Hot?

- Tax reform
- Available bank funding
- Aggressive buyers
- VC interest
- Consolidation trends
- Age Wave



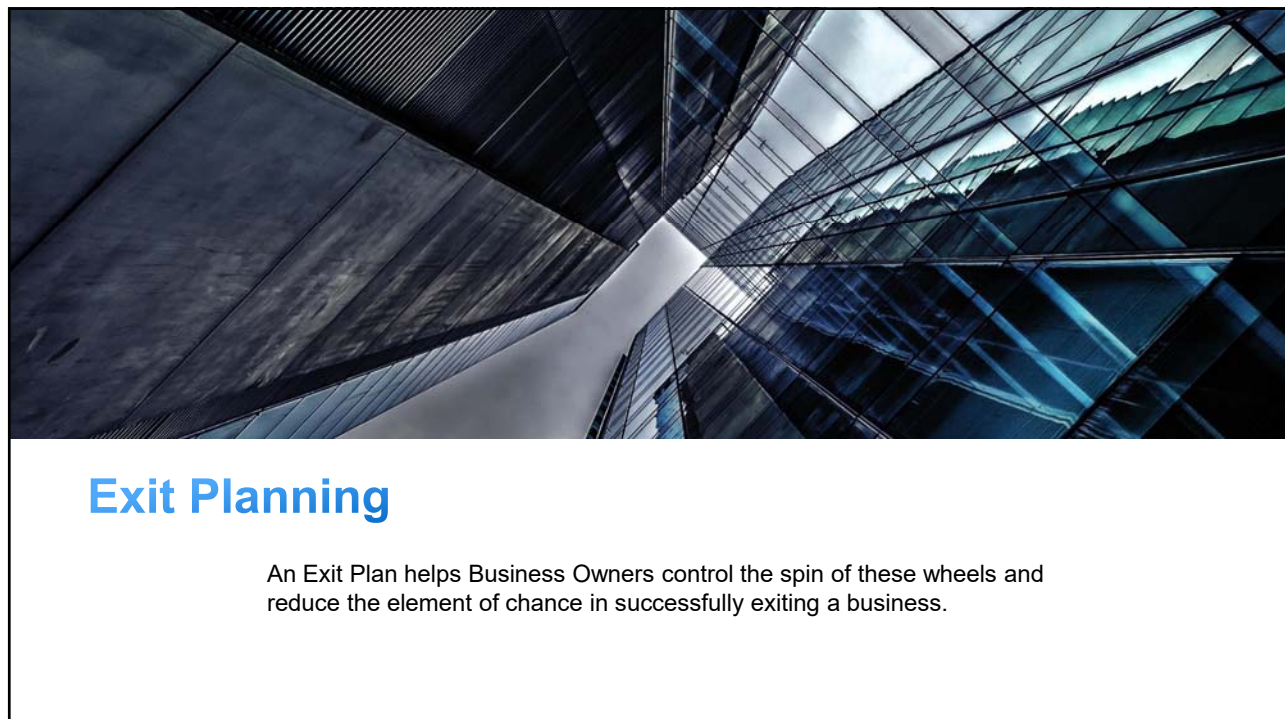


Exit Planning

Put the odds in your favor.


A graphic of a wheel of fortune with three segments: PERSONAL, BUSINESS, and MARKET. The wheel is tilted, and a blue ball is shown in motion, about to land on the BUSINESS segment.

WINNER!!!



Exit Planning

An Exit Plan helps Business Owners control the spin of these wheels and reduce the element of chance in successfully exiting a business.



Your Goals

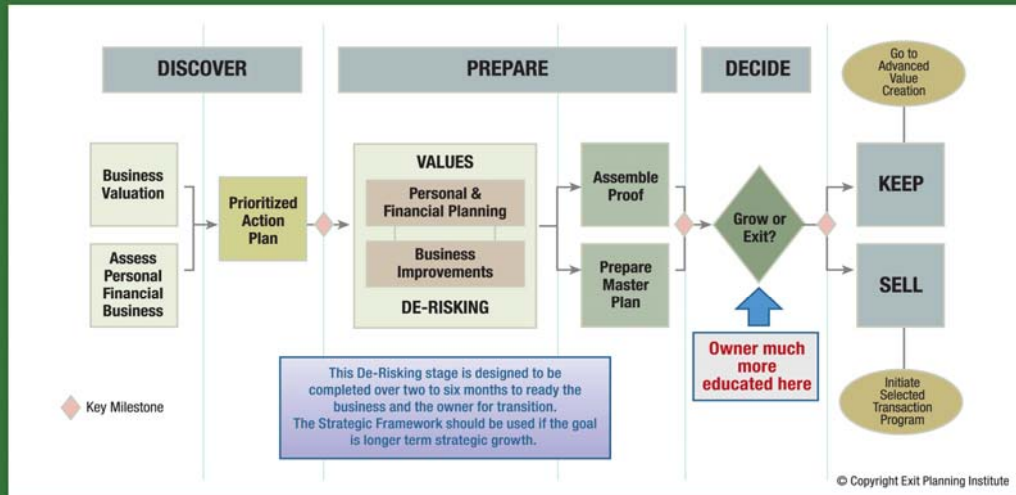
- Specific
- Optimistic
- Realistic
- Short and long term
- Measurable
- Lifestyle-based
- Consistent
- Honest



Satisfaction Depends On...

- Personal Identity
- Marital Status
- Financial Resources
- Involuntary vs. Voluntary Transition
- Contact with Others
- Having a Plan

EPI Value Acceleration Process



www.exit-planning-institute.org

Questions?

Contents excerpted from
**"The \$10 Trillion Opportunity:
 Designing Successful Exit Strategies for Middle Market Business Owners"**
 by Richard E. Jackim and Peter G. Christman,
 available at www.exit-planning-institute.org and major on-line booksellers.

