

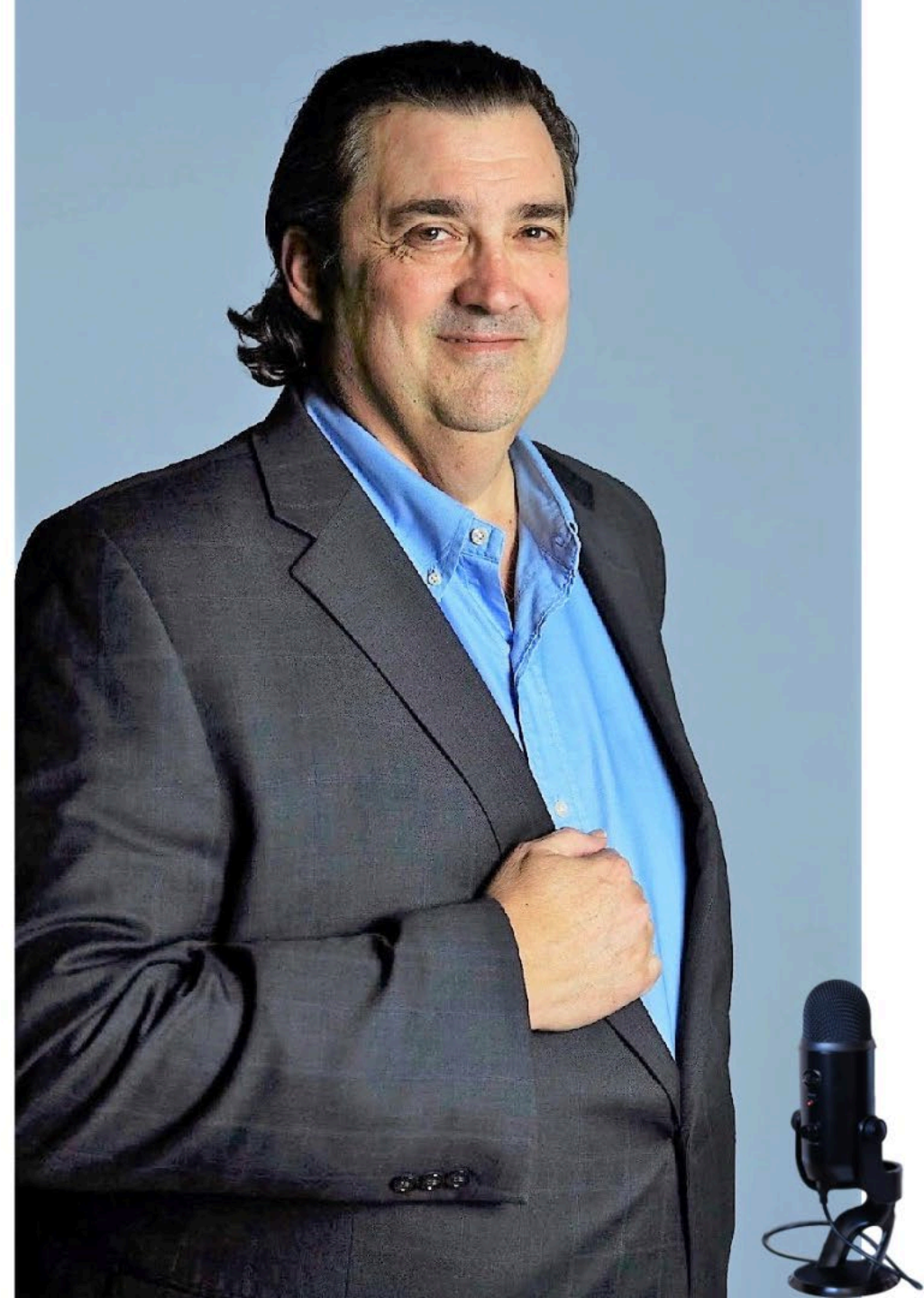
BEST PRACTICES WEBINAR

PLANNING YOUR END GAME: EXIT STRATEGIES DONE RIGHT



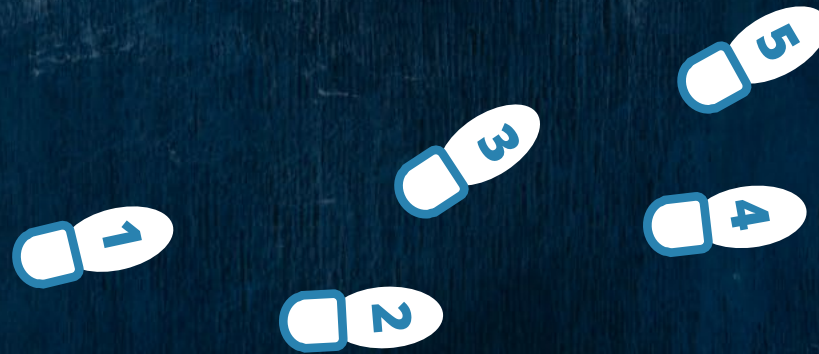
Jim Kahrs

- 38+ Years in Business Systems
- Started Prosperity Plus in 2001
- Achieve Your Goals by Improving Profit, Cash Flow & Growth
- M&A, Succession Planning
- Marketing Programs
- Consulting based on Experience + highly successful Hubbard® Management System & Value Builder System®



The Exit Check List

FIVE STEPS TO A HAPPY (AND LUCRATIVE)
EXIT FROM YOUR BUSINESS



Two Questions Before You Exit



1 IS YOUR BUSINESS READY TO SELL?

The Value Builder System™

Value Builder will tell you

2 ARE YOU PERSONALLY READY TO EXIT?



The Five Step Exit Check List will let you know

Step 1

GET CLEAR ON WHY YOU ARE EXITING



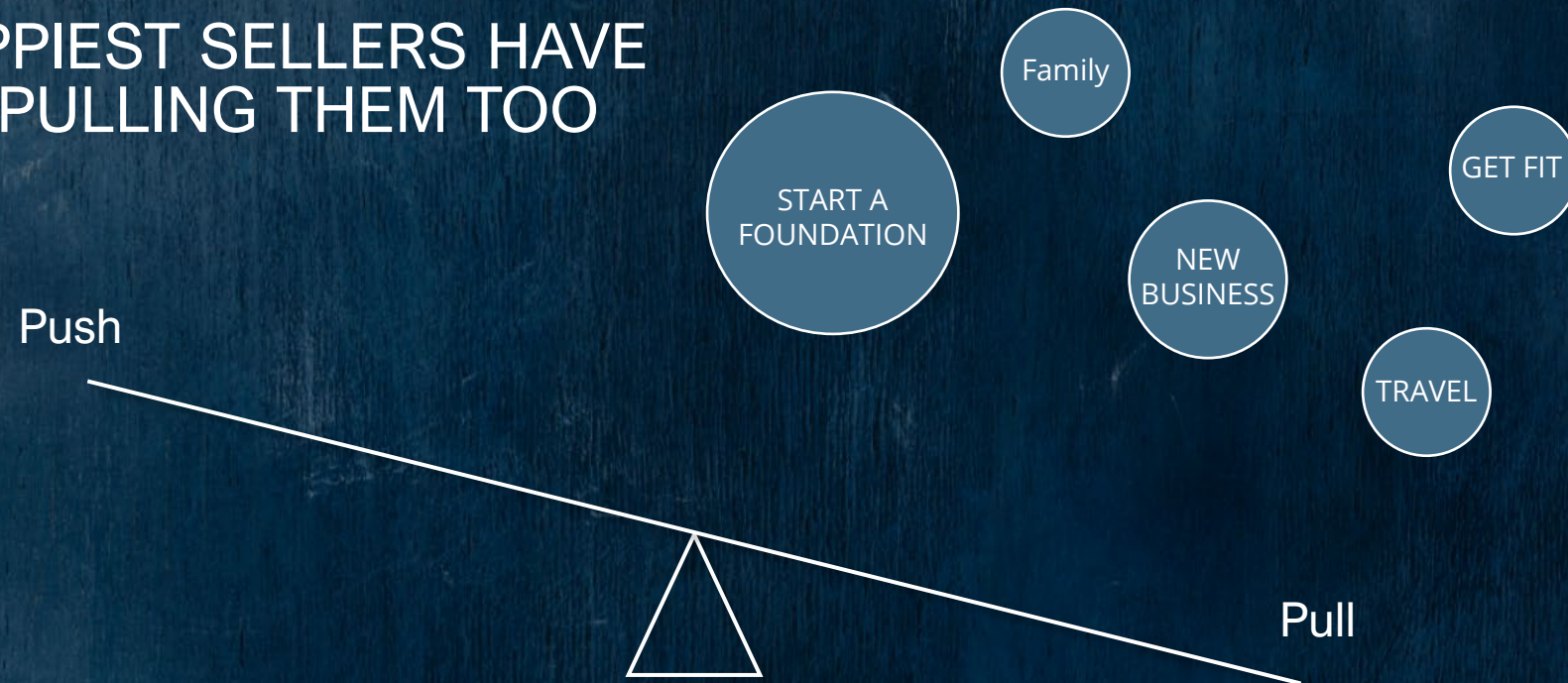
GET CLEAR ON WHY YOU WANT TO EXIT



THERE MAY BE FACTORS PUSHING YOU TO EXIT



BUT THE HAPPIEST SELLERS HAVE
SOMETHING PULLING THEM TOO



Make A List Of What You Are Excited To Go Do







Step 2

ALIGN YOUR EXIT TYPE WITH YOUR WHY



Exit Options



					
Sell outright	Re-capitalization	Liquidate	GM/COO	Transfer to kids	Management buy-out
SELL OUTRIGHT	RE-CAPITALIZATION	LIQUIDATE	COO/CEO	TRANSFER TO KIDS	MANAGEMENT BUY-OUT

Align Your Reason To Sell With Your Exit Options



RETIRE / BORED	➡	Sell to Third Party, Transfer to Kids, Management Buy-Out, Liquidate
MARKET HAS PEAKED	➡	Sell to Third Party
RISK AVERSION	➡	Re-Capitalization, Sell to Third Party
SOMETHING ELSE YOU WANT TO DO	➡	GM/COO
	➡	Sell to Third Party
	➡	Transfer to Kids, Management Buy-Out
HEALTH	➡	Sell to Third Party
	➡	Transfer to Kids
	➡	Management Buy-Out
	➡	Liquidate

Step 3

FIGURE OUT YOUR NUMBER



Three Ways To Come Up With Your Number

WHAT IT'S WORTH

VERSUS

WHAT YOU NEED OR WANT

Figure Out Your Number - Retirement



INCOME YOU NEED TO FUND YOUR LIFESTYLE	\$150,000
	X 20
YOUR GOAL	\$3,000,000
INVESTMENTS OUTSIDE YOUR BUSINESS	- \$700,000
NET PROCEEDS NEEDED FROM BUSINESS SALE	\$2,300,000

Figure Out Your Number – Risk Aversion



BEFORE

MAXIMUM POSITION ON % TERMS AFTER RE-CAP 30%

NET WORTH \$5,000,000

BUSINESS VALUE \$3,500,000

CURRENT POSITION 70%

-30% OF NET WORTH \$1,500,000

$-\$1,500,000 \div \$3,500,000$ 42%

THEREFORE SELL 58% @ A VALUATION OF \$3,500,000 : \$2,030,000

AFTER

NET WORTH \$5,000,000

BUSINESS VALUE \$1,500,000

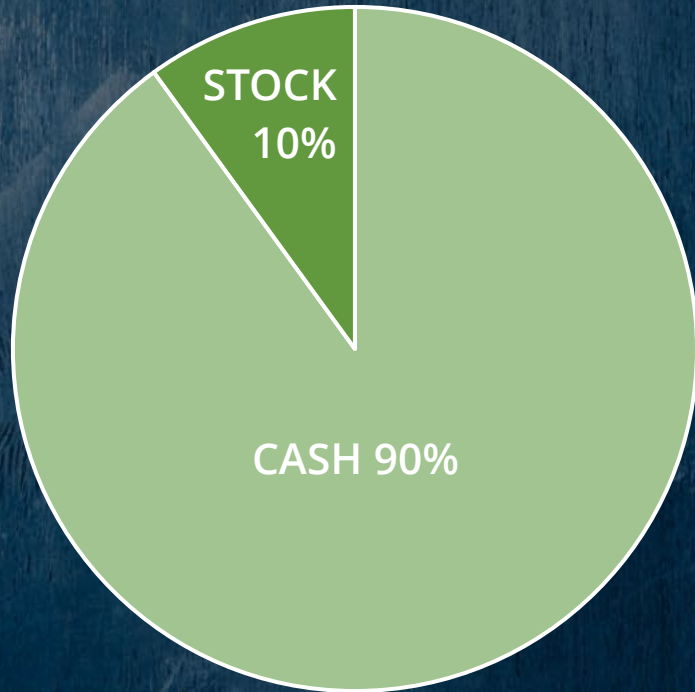
ASSETS OUTSIDE \$3,500,000

Calculate Net Proceeds Of Sale

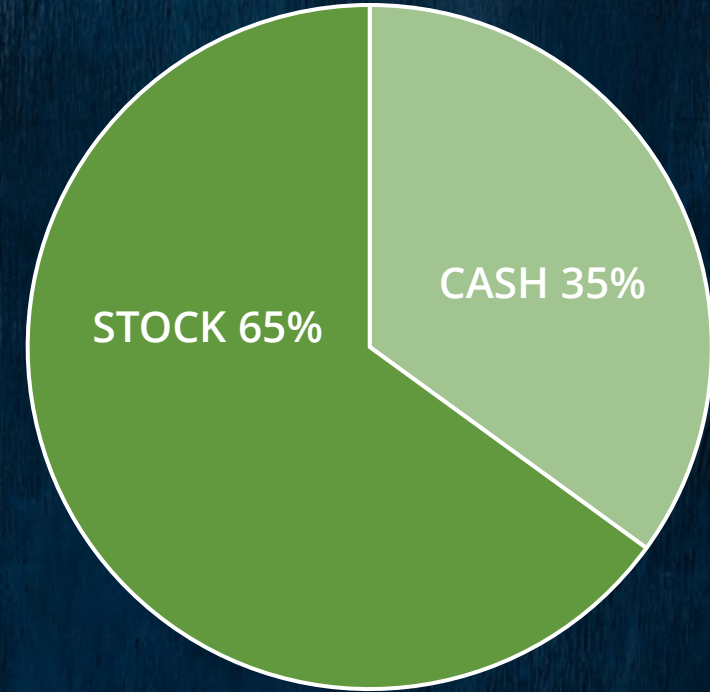


SALE PRICE	\$3,500,000
INTERMEDIARY FEE (5%)	\$175,000
LEGAL FEES	\$20,000
EMPLOYEE "THANK YOUS"	<u>\$350,000</u>
NET PROCEEDS BEFORE TAX	\$2,955,000
TAX @ 23%	\$680,000
NET PROCEEDS AFTER TAX	<u>\$2,275,000</u>

Consider Currency



VS.



Step 4

DECIDE THE LIFE YOU WANT POST EXIT



Your Role Post Sale (Lender)



CASH

\$3,500,000

VS.

Seller Held Note

Closing Payment: \$2,500,000

8% INTEREST ON \$1,000,000 X 5 YEARS: \$1,216,560

TOTAL PROCEEDS: \$3,716,560

Your Role Post Sale (Earn Out)



CASH

\$3,500,000

VS.

EARN OUT

Closing Payment: \$2,500,000

EARN OUT: \$2,000,000

TOTAL PROCEEDS: \$4,500,000

Your Role Post Sale (Consultant)



CASH

\$3,500,000

VS.

CONSULTING AGREEMENT

GUARANTEED FUNDS: \$3,500,000

CONSULTING FEE: \$450,000

\$3,950,000

Your Role Post Sale (Shareholder)



CASH

\$3,500,000

VS.

RE-CAPITALIZATION

CLOSING PAYMENT: \$2,800,000

SECOND BITE: \$2,500,000

\$5,300,000

Step 5

PINPOINT YOUR SPOT ON THE EXIT MATRIX



The Exit Matrix



Five Steps To Get Ready To Exit



- 1 GET CLEAR ON WHY YOU ARE EXITING
- 2 ALIGN YOUR EXIT TYPE WITH YOUR WHY
- 3 FIGURE OUT YOUR NUMBER
- 4 WHAT RELATIONSHIP DO YOU WANT POST EXIT
- 5 PIN-POINT YOUR SPOT ON THE EXIT MATRIX



Next One: 3.19.26



BEST PRACTICES WEBINAR
AVOID THE PARTNERSHIP PITFALLS:
GET YOUR BUY-SELL AGREEMENT UP TO DATE



PROSPERITY PLUS



Questions?



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