



VIRTUAL SEMINAR

# EXIT STRATEGY

Your Value & Your Exit

By Jim Kahrs



# In This Seminar...

- Introductions
- Importance of an Exit Strategy
- Most Important Consideration
- How is Value Determined?
- What's It Worth Today?
- How to Build Additional Value?
- Timing
- Questions

**Why do you Need an Exit Strategy?**

- Continuation of the business
- How will employees be cared for?
- How will customers be cared for?
- Keep the legacy you've built alive
- Fund retirement or next phase of life



**The Most Important Consideration...**  
What is YOUR next game?



**How Do You Build Value?**

- Be profitable
- Build strong, profitable recurring revenue
- Improve the structure & systems
- Build a strong sales team
- Understand what makes the dealership tick
- Have professional help through the process

**How is Value Determined?**

- Adjusted net profit/EBITDA over last few years
- Recurring revenues
- Customer/installed base
- Employees
- Markets covered
- Vendors authorized
- Future business potential



**Questions?**





# Introductions

- Jim Kahrs - > 33 years in office systems sales, operations, executive management among dealerships, manufacturers and consulting
- Started Prosperity Plus in 2001
- Achieve Your Goals by Improving Profit, Cash Flow & Growth
- Mergers, acquisitions, succession planning
  - > 280 transactions
- Outsourced Marketing Department
- Consulting based upon industry experience + highly successful Hubbard® Management System & Value Builder System®

CELEBRATING  
**20YEARS**

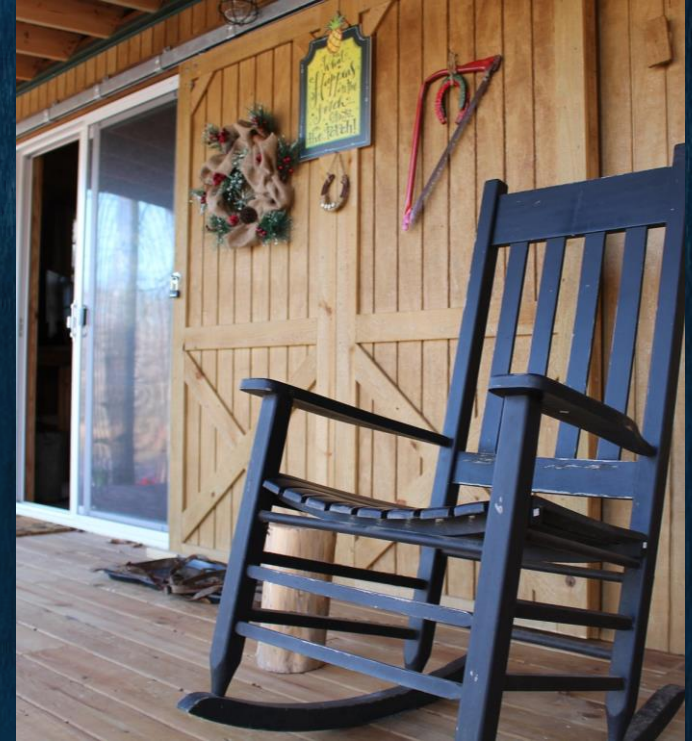
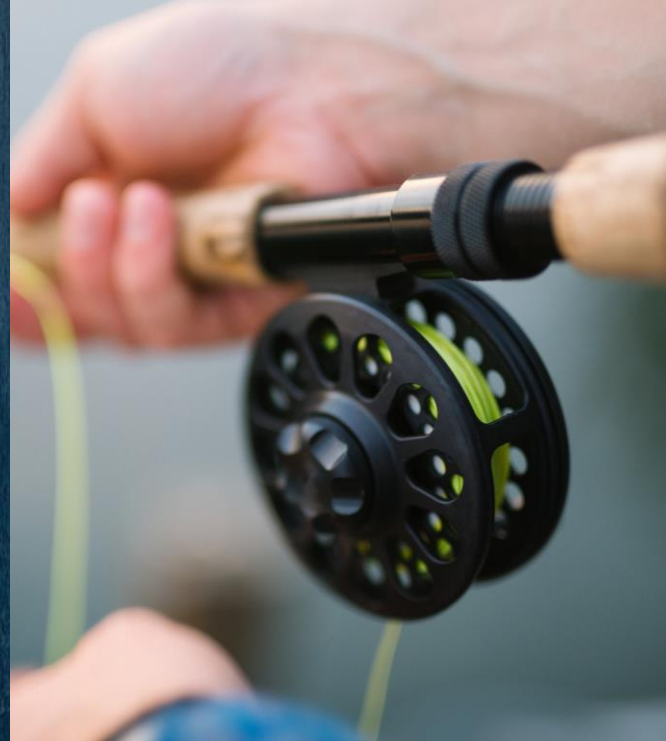
JULY 2001 - JULY 2021



# Why do you Need an Exit Strategy?

- Continuation of the business
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# The Most Important Consideration...

What is YOUR next game?

# Poll 1

What would most appeal to you in “retirement”?

- Golf, fishing or other leisure activities
- Travel
- Volunteering
- Starting a new career in a different industry
- None of the above



# What is Your Dealership Worth Today?

- In most cases it is your single largest asset
- It pays you compensation & profits annually
- It often provides other perks & benefits
  - Expenses paid through business
  - Family employment
  - Tax benefits
  - Flexibility & free time
  - Sense of purpose



# Common Misconceptions

- Biggest consideration in a sale is the price the buyer pays to purchase
- My business has little value if I'm not making a large profit
- Selling a business is like selling a house
- All buyers pay about the same price
- My dealership is worth more today than it will be in the future



# How is Value Determined?

- Adjusted net profit/EBITDA over last few years
- Recurring revenues
- Customer/Installed base
- Employees
- Markets covered
- Vendors authorized
- Future business potential

## Poll 2

How often to you look at your Adjusted EBITDA?

- Monthly
- Quarterly
- Annually
- Never have.



# How is Value Determined?

- **Valuation Formulas**
  - Multiples of EBITDA
  - Multiples of Revenue
  - Multiples of Systems in the Field
  - Multiples of Recurring Revenue
  - Variety of Other Models
- **The Final Determination**
  - It's worth what someone is willing to pay



# How Do You Build Value?

- Be profitable
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- Understand what makes the dealership tick
- Have professional help through the process



# How Does Timing Work?

- There is no right or wrong time
- Be deliberate
- Selling to a 3<sup>rd</sup> party? The 3 years before that change are the most critical
- Selling to employees, family? You will probably need more time

# Summary

- Having a plan is key
- Good news – the right plan provides a path to many options
- Don't worry about having a perfect plan
- Take small steps each month
- Questions

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**Questions?**





A row of modern, minimalist chairs with white seats and backs and thin metal frames. One chair in the center is bright yellow, standing out from the others. The chairs are arranged in a slightly curved line on a light gray surface against a white background.

**REGISTRATION OPEN [CLICK HERE](#)**

**NEXT VIRTUAL SEMINAR:  
Leadership Essentials for Change  
Oct. 21 at 1 pm**

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