



2 QUESTIONS YOU MUST ANSWER FOR A SUCCESSFUL BUSINESS EXIT



Presented by Jim Kahrs
President, Founder - Prosperity Plus

Jim Kahrs

- 36 Years in Business Systems
- Started Prosperity Plus in 2001
- Achieve Your Goals by Improving Profit, Cash Flow & Growth
- M&A, Valuations, Succession Planning
 - More than 350 individual transactions
- Marketing Programs
- Consulting based on Experience + highly successful Hubbard® Management System & Value Builder System®



Two Questions Before You Exit Your Business

1 IS YOUR BUSINESS
READY TO SELL?



2 ARE YOU PERSONALLY
READY TO EXIT?





“

Many owners (who have sold) find themselves dealing with unanticipated regret, fighting with depression and desperately in need of a new identity and a sense of purpose.

-Bo Burlingham
Author, *Finish Big*



*Can an owner's
personal readiness to
exit be tied to the value
of their business?*





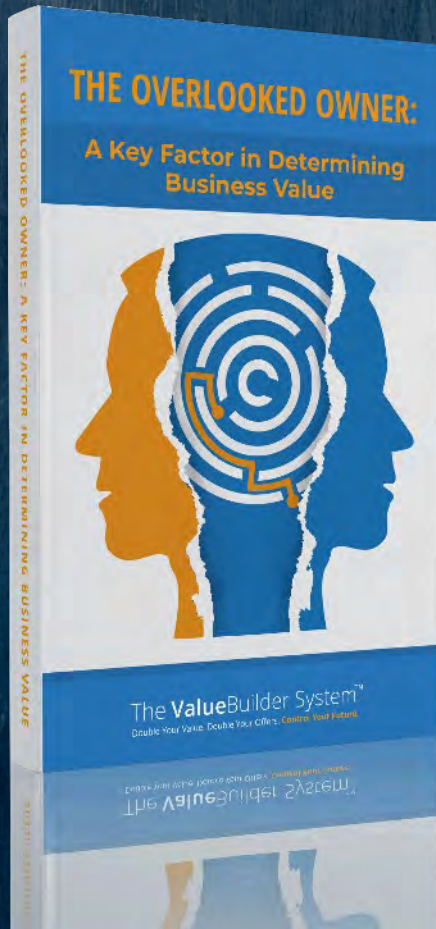
Our Agenda



- 1 The Study
- 2 Exit Reasons
- 3 Preparation and Value
- 4 Taking Action

The New Research

The Overlooked Owner: A Key Factor in Determining Value



1,511 Business owners were interviewed in this study



Findings can predict up to **53%** of the difference in the value of two seemingly similar businesses.



OWNER'S REASONS FOR EXIT

1 Personal Motivators



Value increases in proportion to personal motivation to move on



"Looking to diversify my wealth."



"I want to cash out."



"I have a new business I want to start."



"I'd like to get involved in philanthropy."



RELATIONSHIP WITH BUSINESS VALUE

2

Personal Crisis



Personal Crisis has the most negative affect on value



"I'm burned out."



"I have health issues."



"I am stressed and time-starved."



"I have a family crisis."



RELATIONSHIP WITH BUSINESS VALUE

3

Personally Peaked



Affect on business value is neutral



"I'm just bored."



"I want to spend time on a hobby."



"I want to travel."



"I want to focus on my health."

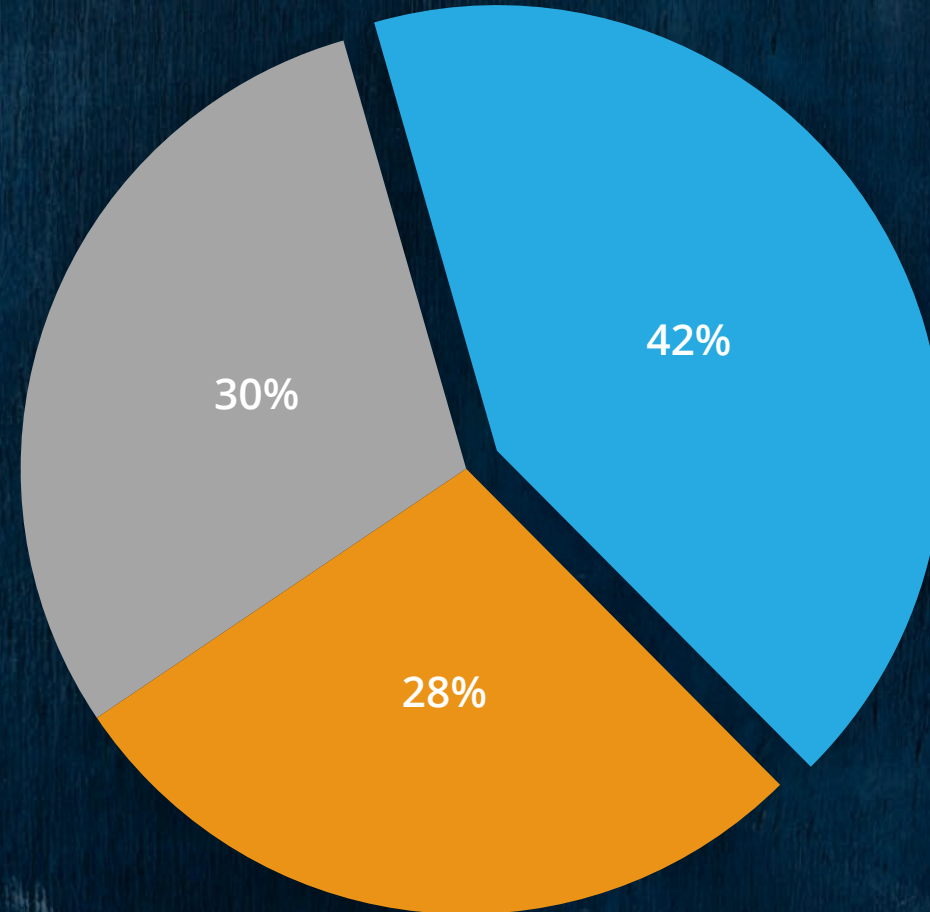


RELATIONSHIP WITH BUSINESS VALUE

The Role Each Category Plays in Owner's Decision to Exit



- Personal Motivators
- Personal Crisis
- Personally Peaked





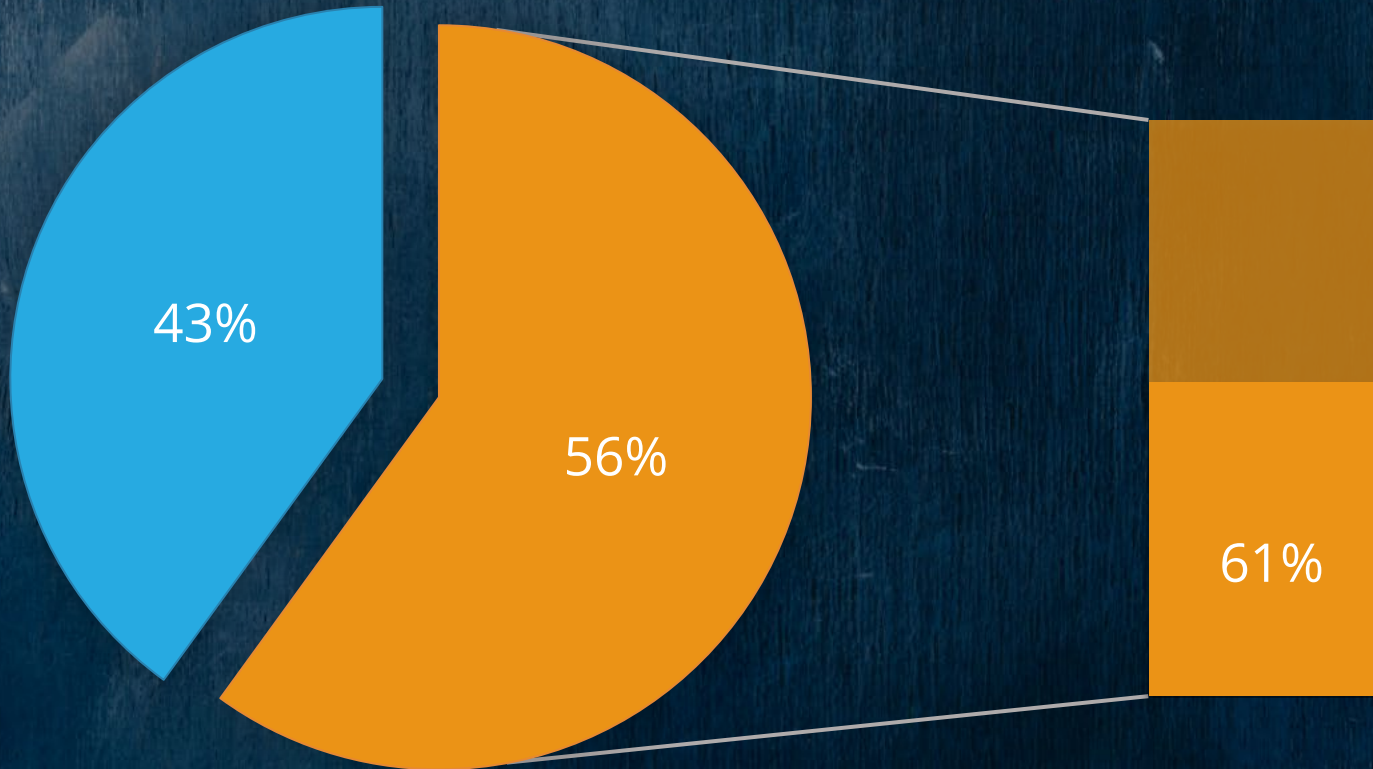
PREPARING FOR EXIT



Personal Financial Goals



Owners who have thought about their minimum number build a business that is more valuable.



Owners have already locked down their 'Minimum Number'

Haven't received a value estimate in the last 2 years

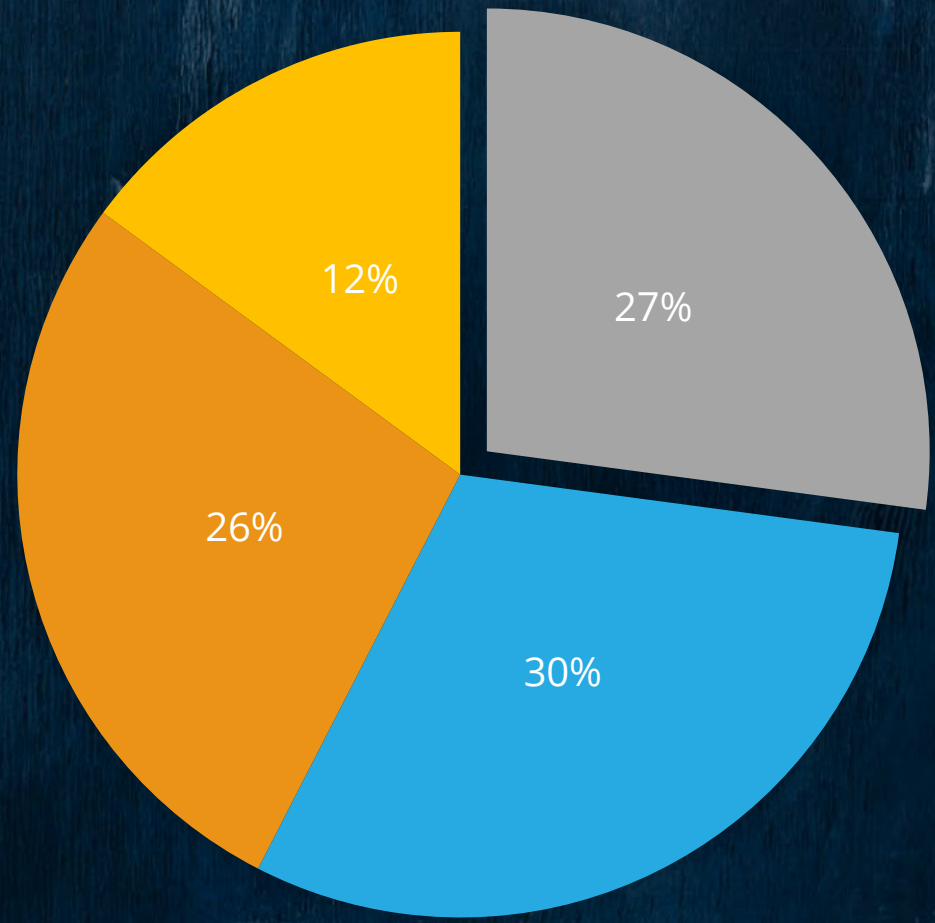



Work Hours vs. Personal and Social Life



Hours worked:

- Less than 40 Hours / Week
- 40 - 49 Hours
- 50 - 59 Hours
- 60 + Hours



 Nearly 70% of owners Work 40+ hours

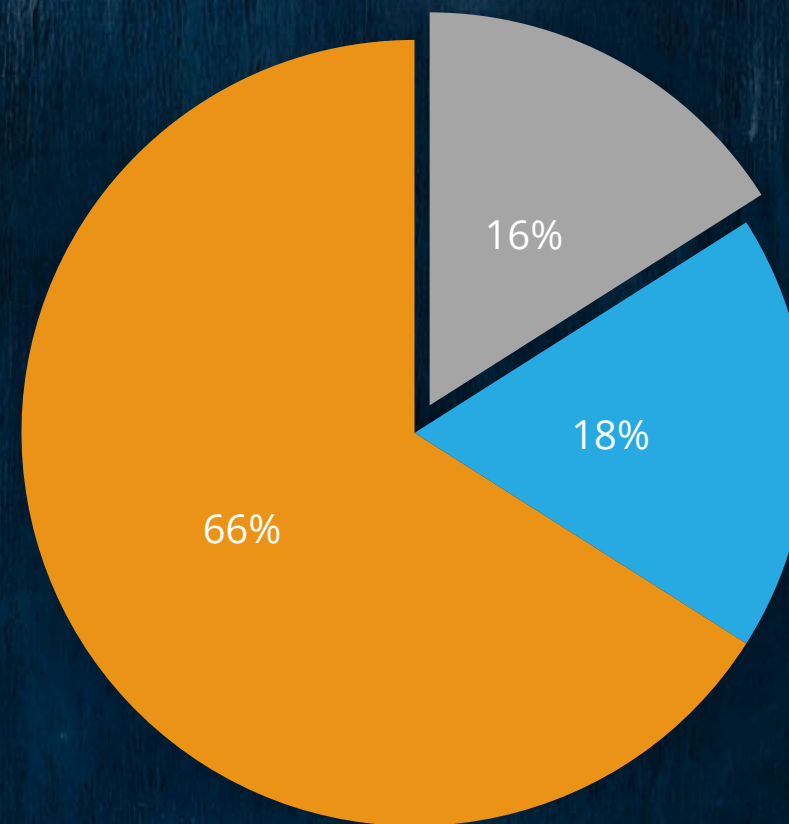


8 in 10 Owners Mix Their Work Life With Social Life



Who would you invite to a personal celebration?

- Mostly people from my work
- Nobody from work
- Some people from my work



Owners who are aware of how the exit will impact their social circle appear to have a slightly more valuable business.

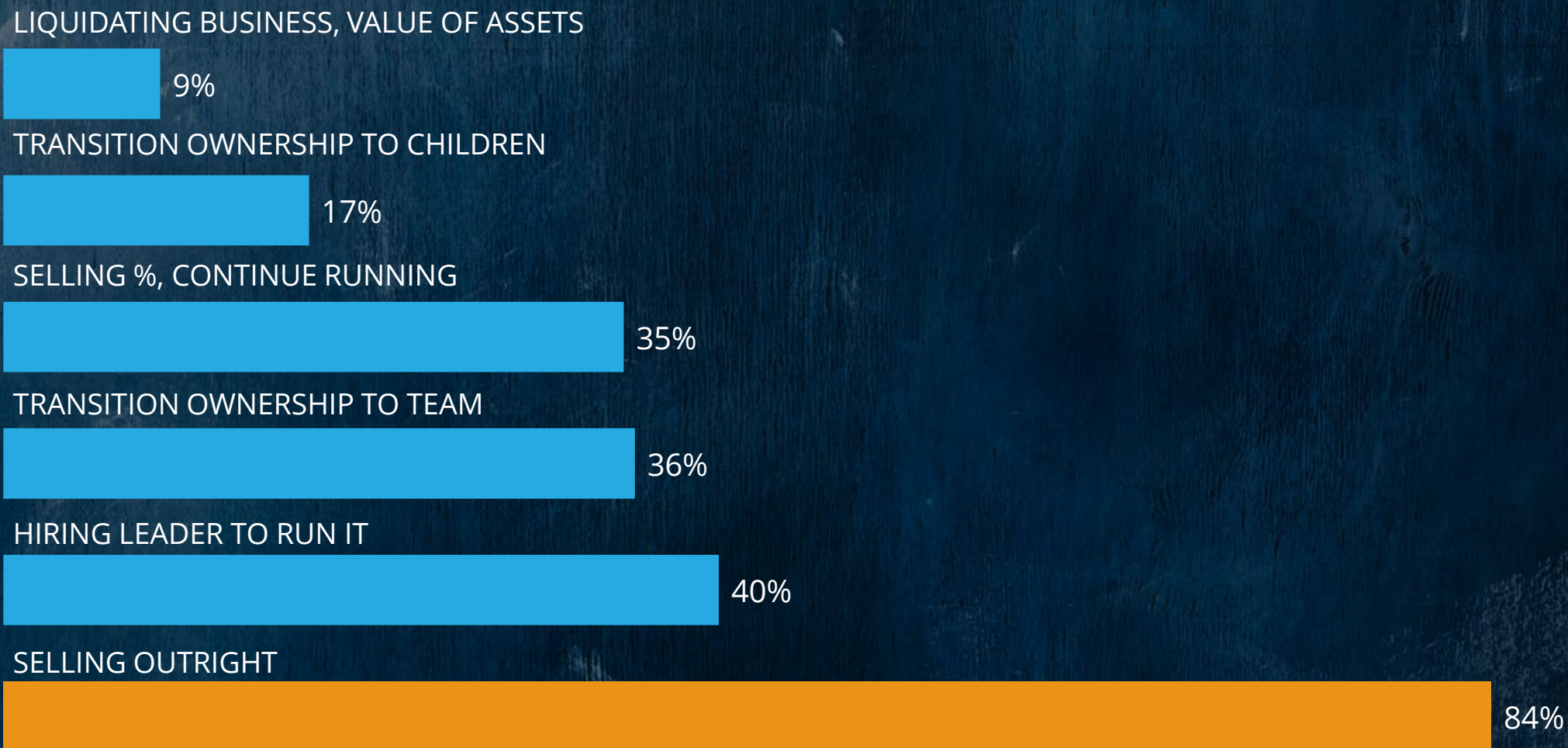


Involvement After Exit



An owner who is willing to accept any option beyond handing over the business and walking away will have a 4-5% more valuable business.

What role(s) you are comfortable playing after you exit your business.



30% chose only one option and selected:

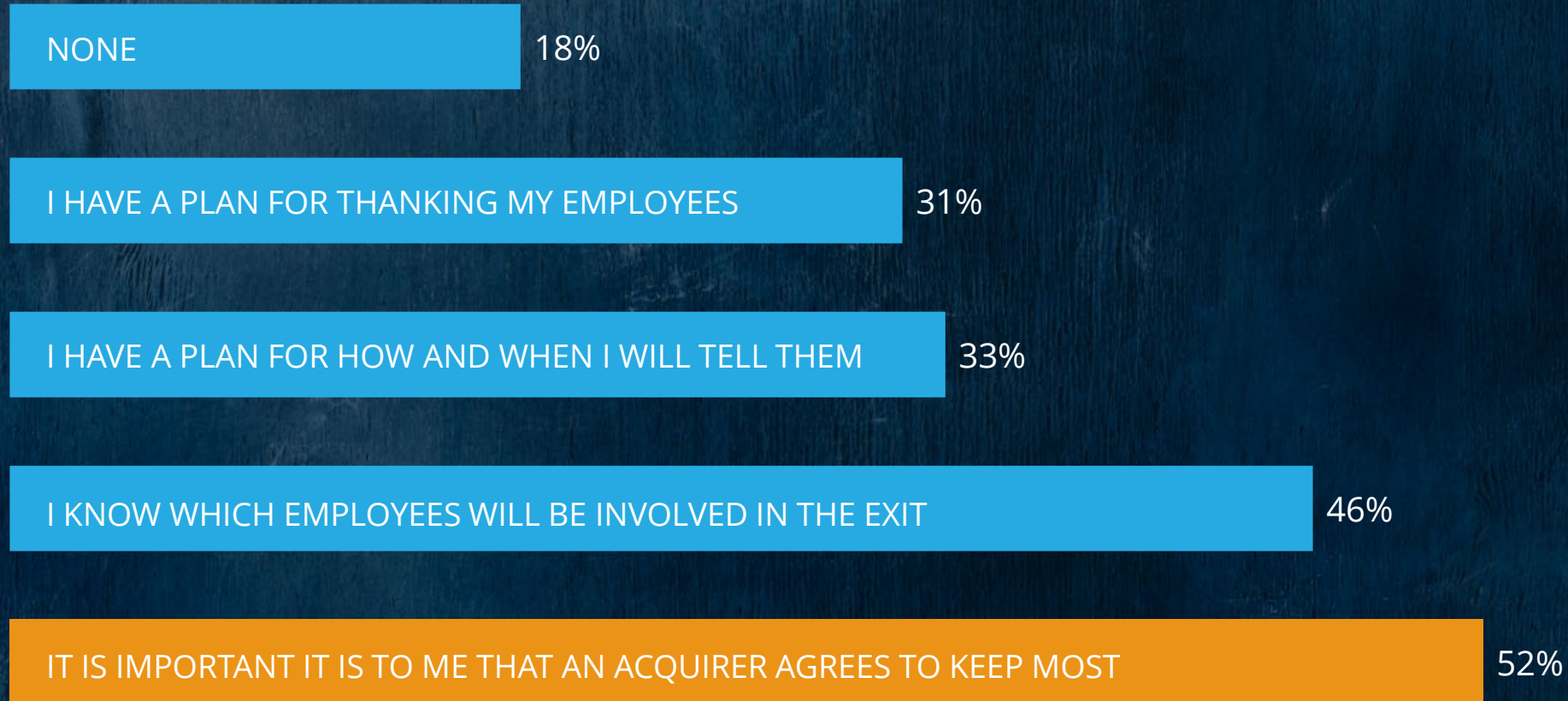


Employees' Well Being



Having a plan and thinking through the employees' well being appears to lead to a 17-21% increase in business value.

Which of the following actions have you taken regarding your employees in your decision to exit





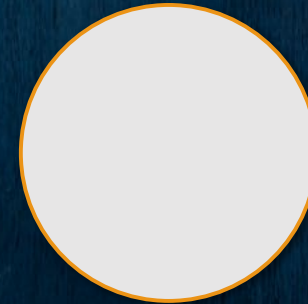
Owner Structure



The value of the company appears to be 10-12% higher when there is no shareholder that owns half or more of the business



Company' value tend to be higher when multiple Shareholders own less than 50% of a business



Company' value tend to be smaller when a shareholder owns 100% of a business





When Addressed Effectively, the Four Areas Can Lead to a 36% Increase in the Value of a Business



Ownership Structure



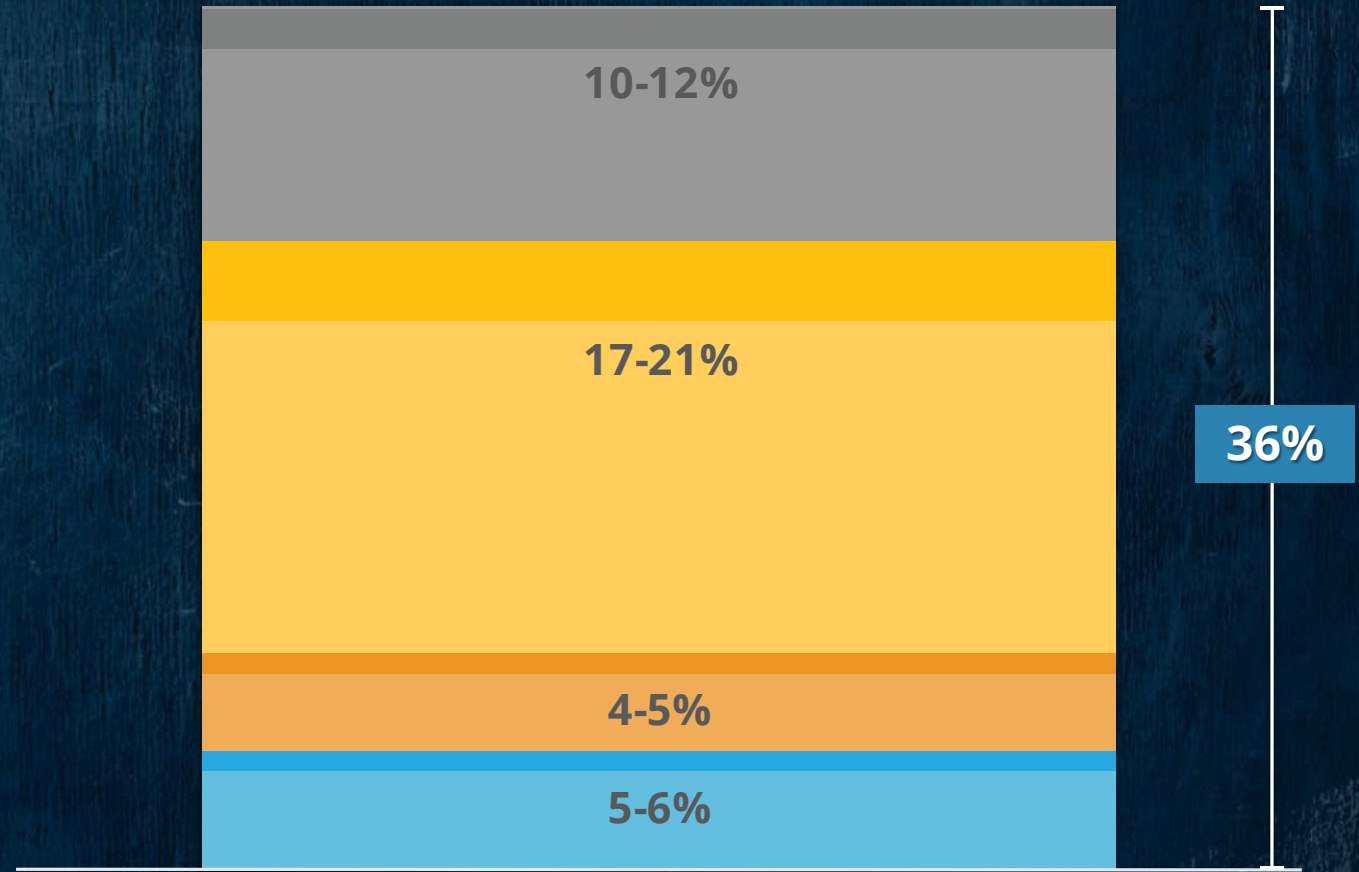
Employees' Well Being



Involvement After Exit



Personal Financial Goals



Incremental Business Value



TAKING ACTION

Take an Annual Day of Reflection to Consider the Following:

1 Consider your next chapter

- ✓ *What will your professional life entail? Will it include starting another business, consulting, investing, retiring, or something else?*
- ✓ *What will you do in your next chapter to give your life a sense of purpose?*
- ✓ *What kind of lifestyle do you aspire to have?*
- ✓ *What relationships will you invest more in?*
- ✓ *What hobbies and interests will you indulge in?*

Take an Annual Day of Reflection to Consider the Following:

2

Develop your minimum number

- ✓ *What is the minimum amount of money you want to garner from selling all or part of your business?*
- ✓ *Do you know your Freedom Point?*
- ✓ *Consider getting a valuation of the business to truly understand the current market value.*

Take an Annual Day of Reflection to Consider the Following:

3

Imagine your exit

- ✓ *Are you willing to stay on as an employee or consultant?*
- ✓ *Would you retain a minority ownership role?*
- ✓ *Do you prefer to stay on as an operator with a majority role?*

Take an Annual Day of Reflection to Consider the Following:



4

Think about your employees

- ✓ *Beside each name, check off if you want to include them in helping you get the business ready for exit.*
- ✓ *Determine how you want to thank that employee for helping you achieve your exit. It could be through employee stock options or a monetary amount.*
- ✓ *Decide how and when you will tell them about your decision to exit.*
- ✓ *Decide whether their future employment is necessary to include in your exit plan.*

Wrap-up

- Make sure your business is ready for a sale
- Make sure you are personally ready for an exit
- A strong plan combined with flexibility will lead to success



NEXT WEBCAST

**WHY YOU NEED MORE VIDEO IN
YOUR MARKETING EXPERIENCE**

NOV 16 AT 1 PM EASTERN

10 NO, 15 REASONS WHY PROSPECTS ENGAGE

BY TIM VOTAPKA
VP, DIRECTOR OF MARKETING



Questions?

THANKS FOR WATCHING

Be Sure to Respond to Survey

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