

## **Baby Boomer Business Owner's Last Revenge, Building Your Ultimate Business Value**

If you are like most baby boomer business owners, you have lost a small fortune due to the recent reduction in asset values and, unfortunately, there may be little you can do about it. Your home value is down 25% and your 401K is down 30% or more.

What about the value of your business?

As the economy starts to pick up you can control your business value. By focusing on building a business that buyers (both internal and external) will want you will –

- Create a business that is easier to manage and grow
- Develop internal managers who would like to buy you out
- Produce a highly desirable acquisition target for synergistic buyers

Samples of results that arise from succession planning include:

### **Increasing Business Value for Market Sale:**

A tech company had a large marketing department that was only providing marginal additional sales. The company was able to reduce salaries \$150,000 which increased profits by \$150,000 per year and increased business value \$675,000.

### **Family Harmony:**

A family wanted to transfer the business from the parents to the children. Careful examination of the family communication systems, family business plans, personalities, and aptitudes including comprehensive testing is performed. A management structure and training plan for the active children is agreed upon. A fair value is placed on the firm to protect the inactive children's interest. Finally, an Old Company / New Company plan is implemented to transfer the value of the business, reduce risk of latent liabilities to the children, and lower transfer costs significantly. Most importantly the family can still enjoy Thanksgiving together.

### **Management Transfer:**

A contractor develops a management team with an Ownership Mentality. This allows greater business growth and in effect, a bigger pie. The contractor is able to sell the business over a period of 10 years receiving 20% more total compensation than under a likely market sale. This is accomplished through careful business and succession planning and recruitment of the right management team as determined through careful testing, interviews and work product over several years.

### **How do you obtain results like these?**

**It starts with a Valuation and Succession Exercise**



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## Valuation and Succession Exercise

### What Is It?

Valuation and Succession Exercise is a process of discovery for owners seeking the most advantageous succession and exit strategy – without having to commit to a long term obligation or a comprehensive (and expensive) planning process.

The Valuation and Succession Exercise will provide clarity regarding what your desires, goals, and objectives really are. During face to face facilitation you combine your desired objectives with market and technical information to help you understand where your company is as a transferable entity and how market buyers, your management team, and/or family members might view the acquisition of your company and how you can improve your outcomes. We complete this with insight into strategies and tactics that may be necessary to bridge the gap between where the organization is today and where you wish it to be.

### What to Expect?

- One half-day on-site intake session, one findings presentation, one implementation – next step discussion.
- Experienced Exit Planning and Strategy Consultants guiding your discovery process and combining it with market experience and technical expertise
- Financial analysis and industry benchmarking
- A three to five week process, depending on your availability
- Breakthrough thinking from you and actionable recommendations that will make a positive impact on your bottom line, business value, and succession plan.
- Valuation and Gap Analysis Report clearly presenting current situation, possible outcomes, and prospective implementation paths.

### What Will it Cost and What's the Value?

A typical engagement of this kind ranges between \$5,000 to \$15,000 depending on the size and complexity of your organization. Clients who have chosen to have Harvest conduct a Valuation and Succession Exercise appreciate the enormous improvements in how they think of their prospective succession and exit options. This thinking directly translates into piece of mind along with measurable improvements in transaction cost savings and improvements in profitability. Many times the objectivity, creativity, experience, and facilitation skills that Harvest Associates brings to the table gives clients the clarity to “take it from here” and when further assistance is needed in the succession process, such as facilitating a family or management transaction, or brokering a market sale, they engage Harvest Associates... for their successful business exit.

### Want to know more – Ready to start?

Contact Gregory Caruso, Esquire, CPA, CVA today at 410-507-5441 or [gcaruso@harvestbusiness.com](mailto:gcaruso@harvestbusiness.com)



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# Succession and Exit Plan Assessment

Would you benefit from the strategic implementation of a Succession and Exit Plan?

Goals / Alignment	Yes	No
Do you have a business plan that aligns with your personal goals now and through completion of a transition?		
Does this plan provide for your unavailability due to an emergency, thereby preserving your business value?		
Have you reviewed your retirement needs with a financial planner?		

Transferability / Key People / Systems	Yes	No
Do you have a management team that can run the business while you take an extended vacation?		
Do you have phantom stock, stay agreements, and/or non-competes with your management team ensuring they remain during the transition?		

Business Value / Financial	Yes	No
Do you know the value of your business based on likely market comparisons?		
Are your business' operational and financial benchmarks in the top 25% for your industry, thereby providing higher profits now and a higher sales value downstream?		



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<b>Taxes / Deal Structure</b>	<b>Yes</b>	<b>No</b>
Have you looked at the tax implications of a business transfer and strategies for lowering the tax bill?		
Do you want to keep the business in the family or with key employees? If so, does your plan for this transition address managerial capacity, ownership, and equity between working family members, nonworking family members, and key managers?		

<b>Buyer Types / Synergies</b>	<b>Yes</b>	<b>No</b>
Have you investigated the alternatives of an ESOP, sale to key employees, and market sale?		
Do you know what the different buyers for your business are looking for in order to generate synergies for them and a higher price for you?		

**If you answered NO to 3 or more questions Strategic Succession and Exit Planning will improve your current operations AND your exit value.**

- Align your personal and business goals allowing a vibrant implementation of the plan and ability to take advantage of surprise opportunities
- Focus on what is important to increase current profitability and market value
- Put systems and people in place that allow you to take time off now and increase the transferability of the business
- Identify your most likely buyer and transaction in order to boost synergies and reduce taxes. This will increase the top line AND more importantly the bottom line earnings from your sale.

**Yes, I'm interested in learning more.** Contact Greg Caruso, Esquire, CPA, CVA, for a free consultation about these results and the specifics of your situation. 410-507-5441 or [gcaruso@harvestbusiness.com](mailto:gcaruso@harvestbusiness.com)

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