

Our mission is to shepherd as many business owners as possible to fulfillment of their goals and their ideal lifestyle.

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BUSINESS WEALTH SOLUTIONS, LLC

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Jack Goes for the Gold

by

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Jack had labored long and hard in his business. Now, in his 60's, he decided it was time to move on and pursue the things he loved – more time with family, hobbies, traveling without a care about his business, and volunteering. His first question was, what is the business worth, and what would he need to get out of the business to support his ideal lifestyle. After all, many of his expenses had been paid for by the business with before tax dollars. The next consideration was *how* would he exit. He could sell the business to his employees, or, to an outside third party.

Jack talked to an exit planner who showed him how he could benefit by doing some planning. He had time. After all, he was not planning to leave for another few years. The exit planner laid out a plan to get him prepared both financially and mentally, and how to get the business ready. It would be quite an undertaking, but it would be worth it.

His exit planner explained that buyers want a good rate of return on their investment, and, they will pay the most for companies that pose the least amount of risk for the best rate of return. Jack learned that there is a way to calculate the amount a buyer would pay given the amount of risk that a business presents. The exit planner evaluated Jack's company from the standpoint of 55 Value Factors. The exit planner estimated that if Jack would address the value factors that offered the best return for the least amount of risk, he could increase the value of his company by about 25% or more and increase its marketability, depending on the amount he was willing to invest, and the amount of time before he would exit. The trick was knowing how to prioritize what needed to be done. Turns out, the value factors that Jack thought were important were not that important to the market, and those he thought were not important, were very important. Profitability was a big issue for potential buyers. And, the lower the perceived risk, the higher the multiple they were willing to pay.

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One of Jack's greatest concerns was where to start and how to manage what he learned. He knew he needed quality advice, but had questions.

- How much tax would he pay when he sold, and, how could he reduce the tax bite
- How much did he need to net from a sale, and, would he have enough
- Were his current advisors up to the task
- How to handle all the information that needs to be mined, coordinated, and synthesized
- How to keep his advisors moving forward and to not get bogged down
- How could he run the company while all this was going on
- Would the market peak before his company was ready to be put in play
- Who could he trust to represent him in the sale
- Who could he trust to sit on his side of the table and look at all the issues that had to be addressed, someone whose priority was not to push his own agenda

Jack discovered that his exit planner was trained to design and oversee the exit planning process, including helping Jack address the Value Factors to grow company value. Jack had a decision to make. He could put his business in play in its current condition and hope for the best, not knowing how much would go to Uncle Sam, and not knowing how much he and Kathy needed. Jack decided that he had come this far and after 30 years in the business, he deserved to walk away with as much as possible. Keep reading [Jack Strikes Gold](#) to see how he did it.

Joan M. Ridley is president of Business Wealth Solutions, a Dallas based advisory firm that consults with business owners about how to successfully leave their business. Please visit our website at www.businesswealthsolutions.net. Calls us today at 214.692.9192 for a complimentary meeting to learn how we can help you get where you want to go. Ask for our complimentary brochure.