

Business Owners' Potential Business Exit Worksheet

1. What motivated you to start your business?

2. How important is your business to your personal identity?

3. Is the business your primary source of income? If not, what is?

4. How much time do you spend working 'in' the business rather than 'on' the business?

5. Which of the following best describes you? (circle one)

- a) Wealthy but I would prefer to continue to work
- b) I need to continue to grow my business if I want to own an asset that will eventually make me wealthy
- c) I'm already wealthy and ready to exit my business in the next 1-3 years
- d) I wish I had sold the business already

6. What, in your opinion, is the #1 thing you can do to grow and protect the value of your business?

7. What aspects of your business keep you up at night?

8. There are many ways to exit a business, of the following six options, which are the two that you find the most likely and compelling? (Circle two)

- a) Gifting or sale to member(s) of your family
- b) A buyout made by your business partner(s) or your co-shareholders
- c) A management buyout by one of your essential manager employees or a group of essential manager employees

- d) A sale to a large group of your employees (ESOP etc.)
- e) A private equity sale or recapitalization – selling your business, or a significant part of your business, to a buyer that would like to buy, improve and re-sell (or possibly hold) the business
- f) Sale of the entire business to a practitioner in the same business or a related industry
- g) Public offering of company stock (IPO)

9. What valuation method do you use to measure the value of your business (EBITDA multiple, Discounted Cash Flow, ‘Back of the Envelope’ etc. etc.)

10. How much money do you believe you need in order to maintain or improve your lifestyle after you are no longer taking a salary from your business?

11. Let’s talk about your team. Do you regularly (at least once per year) consult with the following 5 types of advisors? (Circle all that apply):

- a) Accountant
- b) Estate Attorney
- c) Corporate Attorney
- d) Financial Advisor
- e) M&A Advisor (business broker, investment banker etc.)

12. Does your team of advisors coordinate their planning and advice for you? How often do they meet to review your comprehensive plan?

13. How often do you and your co-owners set aside half a day for a formal ‘shareholder’s meeting’ designed to jointly make business decisions and solve problems in the business?

14. How recently have you updated your shareholders (buy/sell) agreement? Does it include your most recent valuation? Is it adequately funded by insurance?

15. What are the best methods you've used to attract, retain, and reward your key employees?

16. Would your business be likely to suffer a financial loss if you or essential employee(s) were lost or incapacitated?

17. Do you or your company own any life insurance policies for business succession, buy/sell, disability, deferred compensation or retirement purposes?

18. Have you done any advanced estate planning for yourself and your family (giving away company stock, living trusts, life insurance, charitable planning)?

19. Have you updated your advanced estate plan to reflect recent changes in your business or recent tax-related legislation passed by Congress?

20. Would you be interested to have a second opinion on any of your planning work that we have asked you about on this worksheet?