

# Empowered Planning: Your Business Transition



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EMPOWER YOUR PURPOSE

# Today's Agenda

How to determine the right time to transition

The right next steps once you decide to transition

Essential tax considerations

# Meet Our Speakers



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# Question for the audience:

If you're considering making a transition, when would that be?

- A** **Within the next year**
- B** **In the next 1-2 years**
- C** **More than 5 years**
- D** **I'm not sure yet..**



# How to determine the right time to transition

# Question for the audience:

Who would you ideally like to transition the business to?

**A**

**Family**

**B**

**Management**

**C**

**Integrated buyer**

**D**

**Investor/venture capital**

**E**

**Other/I haven't decided**

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**So ...**

**what comes next  
for you?**

A black and white photograph of a man with glasses and a white shirt, sitting at a desk and working on a laptop. He is looking intently at the screen. The office environment is visible in the background, including a desk lamp and a large potted plant.

# Be Prepared

- **Build your team**
- **Identify your ideal outcomes**
- **Build your plan**

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## **CLIENT EXAMPLE:** One Business, Two Transition Experiences

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# Key Takeaways



**THINK  
AHEAD**



**WORK WITH  
A TEAM**



**BE  
PROACTIVE**

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The right next steps once you decide to transition

# Topics of Discussion



**What is most important?**



**Timeline?**



**Involvement post transition?**



**True assessment of value?**



**Are you driving or being driven?**



**Decision tree**

# Question for the audience:

What is most important to you in a transition?

- A** **Extracting maximum value**
- B** **Protecting employees**
- C** **Legacy**
- D** **Generational transfer**
- E** **Other/I haven't decided**

## A blue circle containing the text "What is your transition timeline?" in white, bold, sans-serif font. The background of the slide features a close-up of a calendar with numbers 5, 16, 17, 18, 23, 24, 25, 26, 28, 29, 31, and 8 visible, along with a blue pen nib pointing towards the center.

How long you have until a transition event can significantly impact what you can do and in what fashion.

- Less than six month?
- Six months to two years?
- Two to five years?
- Five plus years?



## Post-transition Involvement

Determining your level of involvement with the company after the transition is key.

If you choose to stay involved, consider the following:

- How long will you stay involved?
- In what capacity will you be involved?



# Do you know what your business is worth?

16

Do you know or do you **THINK** you know?

- A lot of values, multiples and “offers” get tossed around

What is realistic?

- This could very well depend on answers to prior questions



# Who is in the Driver's Seat?

The answers to the questions previously mentioned impact who (or what) is ultimately making these important decisions.

- Financially motivated?
- Legacy driven?
- Generational or employee promises?



# Decision Tree

Everything discussed previously drives decisions that need to be made along the way.

We tend to think of it as a decision tree that has many “nodes.”

## LET’S TALK THROUGH AN EXAMPLE

If urgency is a primary consideration, that could impact how you market your business for sale and what sort of “pre-work” you can do.

If a related party transition is planned, working on transition and minimizing taxes might become the highest priority.





# Essential tax considerations

# Question for the audience:

Do you feel like you have a good understanding of the after-tax value of your business?

**A**

**Yes – I dream about it every night**

**B**

**No - It gives me nightmares every night**

**C**

**Somewhat – I know its not the number I got from my valuation**

**D**

**What's "After-tax?"**

# Show me the Money! After-tax that is.



- Understanding tax ramifications sooner than later
- What planning technics are available for your situation?
  - Family succession
  - Management buy-out
  - 3rd party sale
- What items in the Letter of Intent or Purchase Agreement have significant tax impact?
- Arming yourself and professional services team for negotiations
  - Focus on items that actual have an impact

# Structure means Everything

- Reorganizations
  - Pre & Post deal
- Corporate vs. Partnership vs. LLC
- Asset vs. Equity sale
- Deferral opportunities





# QUESTIONS



THANK  
YOU

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