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*July 2015 - In This Issue:*

**A WAVE OF EXITING OWNERS**

**WE BRING YOU BUYERS**

**BUSINESS OWNERS - A FEW QUESTIONS**

## **INDUSTRY KNOWLEDGE & ACCESS TO BUYERS NATIONWIDE**

Our presence as a Professional Business Broker is extended nationally as a result of being an affiliate of

[BHarmony](#)

[LLC](#). We also bring decades of experience and functional expertise in all the popular market segments as a result. Nothing takes the place or value in that of experience.

We partner with our clients to deliver solutions that help solve their most complicated needs prior to, during, and at the conclusion of the selling process. Our services are designed specifically to help small/medium size businesses and at a small business



## **A WAVE OF EXITING OWNERS.**

If you are a business owner whose largest asset is your privately-held business, then the information in this newsletter may be of paramount importance to your financial future. With the largest generation in our country's history entering retirement age, and many of the nation's private businesses owned and run by Baby Boomers, it is becoming increasingly important to be prepared for a future transition of ownership. There is an expected wave of exiting owners who, once they begin to transition their companies, will likely change the landscape for the transfer of privately-held businesses.

### **Baby Boomer Owner Statistics**

To put this statistic in perspective, it is further estimated that trillions of dollars of net worth from private businesses will be transferred during this time period. The questions that this newsletter focuses on is "with such a high supply of businesses ready to transition, how will this impact any one individual owner's ability to transition their company?"

### **The Case for Planning Prior to an Exit**

Given the statistics just presented, a rather large argument can be made for planning prior to attempting any business transition in the future. With such an unprecedented number of exiting owners predicted to begin transitioning their companies, the need for a comprehensive and customized exit strategy plan for you and your business is likely crucial to achieving a satisfactory outcome. Sometimes it is helpful to look at other areas of your life where planning precedes taking action to see if planning your

price. We go beyond the norm to develop new insights, prepare, market and drive results in the sale, thus insuring you receive the most value at closing. [Learn More](#)

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## BUSINESS OWNERS - A FEW QUESTIONS...

1) If you were to sell your Business in 2015, **do you know** what you would "net" from the sale after paying Liabilities, Taxes and Expenses?

2) What is your **estimate, in dollars**, within a reasonable range, of the amount you would "net" from the sale of your Business after paying Liabilities, Taxes and Expenses?

3) What do **buyers view as the single most important factor** in establishing the value of a Business?

We believe knowing what a Business is worth is very important for a lot of reasons - for it to operate better in the future, to measure growth, and to achieve whatever goals are established.

We would like to hear from you with your answer to question 3), and if you contact us, [we will provide our answer.](#)

exit makes sense. For example, it is likely that you started investing in stocks, bonds and mutual funds before having a financial plan to guide your investment portfolio. You probably made a lot of mistakes and eventually realized that time and money invested in the planning process helps to educate and direct your investments. The same type of planning likely occurred for your estate, for your insurance needs as well as for your annual tax obligations to the government. The planning process is a collaborative process whereby you bring in outside expertise to assist you in conducting your affairs in a proper order. So a strong case can be made for planning your exit in light of the large expected wave of exiting owners.

### Will Only the Strongest be Chosen

One area where you may benefit from the exit planning process is with an understanding of your industry and activity for business transitions within it. Is your industry dominated by retirement-age Baby Boomers? Has it matured, and is there likely to be growth or decline in the future? Again, with such a large wave of exiting owners looking to transition their businesses, it makes sense that the weakest businesses and least-prepared owners will be left unable to successfully sell or transfer their businesses.

### A Lack of Potential 'Buyers'

Another area where you may benefit from the planning process is gaining an understanding of the potential buyers for your business. When we discuss the supply of businesses coming onto the market, it is also helpful to forecast potential demand from 'buyers'. A buyer can be both an outside party or an insider (or group of insiders). One of today's challenges with selling to insiders is that there is a cultural difference in how the Boomer generation perceives work and built their business and how the next generation approaches this same concept. In short, the generation behind the Boomers doesn't want to work in the same manner, creating more of an imbalance between the number of business owners needing to sell or transfer and the number of willing buyers for these companies.

### **Planning for this Wave is a Team Event**

A final point on how to plan for this wave of exiting owners goes to your professional advisors. Today, there are few advisors currently trained and prepared to give advice on a comprehensive approach for planning an exit strategy. The dynamics of orchestrating a successful business exit are very complex, and many advisors do not think broadly enough to head an owner's "Exit Strategy Team." Your lawyer, accountant, and financial advisor will play crucial roles on this Exit Strategy Team, but a "quarterback," or an advisor with the knowledge and experience needed to lead the team through one of the largest financial and emotional decisions in your life is necessary.

### **Concluding Thoughts**

In the face of increasing competition amongst retiring Baby Boomer business owners and a changing business marketplace, a well-planned and adaptable exit strategy is likely necessary to achieve your desired exit outcome. Within the emerging wave of exiting owners, only the exiting owners with strong business models and well-planned exit strategies will be poised for successful transfers and, ultimately, a successful next stage of life. We hope that this newsletter has accomplished the goal of both educating you on the marketplace of exiting owners as well as effectively making the case for 'the planned exit'.



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