

January 2016 - In This Issue:

**NO-COST METHOD EXIT
PLANNING**

WHAT IS MY BUSINESS WORTH?

WE BRING YOU SERIOUS BUYERS

**COMMON BUSINESS SALES
MYTHS**

IT ALL STARTS WITH YOU

**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



The No-Cost Method to Start Business Exit Planning

EXIT PLANNING IS CERTAINLY SOMETHING YOU CAN DO FOR YOURSELF, HOWEVER, IF YOU DECIDE TO START THE PROCESS YOURSELF TO SAVE ON FEES, START TODAY AND DEDICATE YOURSELF TO ACCOMPLISHING THE TASKS.

IF YOU CAN'T OR WON'T COMMIT THE TIME, CONSIDER ANOTHER OPTION. YOU MAY BE BETTER OFF HAVING PROFESSIONALS START THE PROCESS FOR YOU.

HERE ARE THE STEPS WE THINK ARE IMPORTANT.

1) Self-education

There is a great deal of information available on the internet and in the library. Do a GOOGLE search on "EXIT PLANNING" for starters. With a time investment of 15-20 hours you could learn a great deal about the exit planning process as well as the business sale process. An easier approach would be to give us a call and we will be happy to meet with you and discuss the process.

2) Obtain a realistic estimate of the value of your business

To plan where you are going, you need to know where you are currently. As a business owner, you need to realistically estimate the current value of your business. In addition, you need to identify the obstacles you face in selling your business. And it would help to know what you can do to improve the value of the business. Many business brokers offer no-

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 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](#)

AVOID COMMON BUSINESS SALES MYTHS

Myth #1 - I Can Sell It Myself

Many owners believe they're qualified to sell their business without professional assistance, but selling a business is not like selling a product or service. If you're looking to sell on your own, confidentiality is lost. If word of a potential sale gets out, there are definite risks of losing clients, employees and favorable credit terms.

Do you really have the time to run your business and compile marketing materials, advertise, screen buyers, give tours and facilitate due diligence? When you're looking to sell, you want to put even greater emphasis on running your business, boosting your sales, and not taking on new challenges.

Myth #2 - I'll Sell When I'm Ready

Certainly, an owner wants to be sure he or she is mentally and emotionally prepared to sell. But personal readiness is just one factor.

Economic factors can have a significant impact on the sale of a business.

Sale prices can be affected by industry consolidation, interest rates, unemployment and many other economic measures. Talk with a professional and aim to sell when

charge, no-obligation evaluations of businesses and can provide feedback on the business' value, as well as the obstacles and opportunities for improvement. If a broker requires a small fee for the work to be performed, it can be worthwhile. Consider interviewing multiple brokers and requesting evaluations from two different brokers, then compare and contrast their evaluations. This is a great way to start the exit planning process and in most instances, can be achieved at no cost.

3) Obtain a realistic estimate of the value of your real estate holdings

If you are unsure of the realistic values of your real estate holdings, most residential and commercial real estate agents will provide a comparative market analysis (CMA) at no charge. The CMA report will include their estimate of the fair value of your real estate. Because commercial real estate valuations are more difficult to ascertain, consider obtaining multiple CMAs from multiple agents.

4) Prepare a list of your personal financial assets and liabilities

To enable a productive meeting with a personal financial planner to help with retirement planning, prepare a list of your personal financial assets and liabilities. The list should include all assets owned jointly or separately by you and your spouse (if married) and should include copies of the most recent account statements for: all bank accounts, all taxable investment accounts (stocks, bonds, etc.), all retirement investment accounts (401k, IRA, SEP, Keogh, etc.) the estimated value of residential real estate holdings, the estimated value of commercial real estate holdings, the estimated realistic value of the business and other assets such as personal notes receivable, stock options, valuable artwork, vintage automobiles, etc. Your list should also include all personal liabilities for you and your spouse including installment debts, mortgages, credit card debts, notes payable, unpaid taxes, etc.

5) Summarize current and expected future income for you and your spouse

In addition to making a list of assets and liabilities

your personal goals and market conditions align.

Myth #3 - I Know What it is Worth

Some owners will base the company value on what they need for retirement. Others will tell you they want \$100,000/year for "sweat equity."

A third party valuation is a good idea for anyone seriously considering the sale of their business. An outside valuation will include a thorough analysis of the business and the market it operates in. This will provide a solid understanding of the company's growth potential, not some vague industry average.

Myth #4 - It's Like Selling a House

Selling a company is much more complex than selling a house. A successful business sale usually requires a great deal of pre-planning, at least a year and maybe as long as three years to drive sales, develop key staff, document the operations and control expenses. The average house will sell in less than four months, while the average business sale is nine months to a year. Even after the business is sold, the seller can be expected to put in at least a few months, and possibly years of transition time, helping to make the new owner a success.

IT ALL STARTS WITH YOU

"All personal achievement starts in the mind of the individual. Your personal achievement starts in your mind. The first step is to know exactly what your problem, goal or desire is."

W. Clement Stone

DON'T MISS OUT - Interest rates are low, Strategic Buyers, Family Offices, and Private Equity Groups are very active. It costs nothing to discuss the value of your Business - [contact us](#).

before meeting with a personal financial planner, also summarize current and expected future income for you and your spouse. This list should include your business salary, your spouse's earnings (if any), estimated defined pension benefit plan income and the estimated Social Security income for the two of you. Also make a list of all life insurance policies you have. It's also helpful to analyze and summarize your monthly (or annual) living expenses.

6) Consider your post-exit interests

Determine your post-exit interests, discussing with your spouse or significant other where applicable, and try to develop preliminary but flexible plans. One aspect of exit planning is projecting your future income needs; those are totally dependent on your lifestyle expectations after you leave your business. Even if you are more than ten years from selling your business, have this preliminary discussion. It doesn't have to be decisive and can be flexible, but it's very important that the conversation take place.

7) Meet with personal financial planners

After accumulating the data in the previous no-cost steps, call a couple of personal financial planners and request a free initial consultation. Utilizing the data you've already accumulated, financial advisors can document your current personal financial situation and run some retirement projections to determine if you have a financial gap between your desired retirement lifestyle and your projected financial condition, and offer financial investment advice. As of this writing, financial advisors at Edward Jones provide this service at no charge. Others advisors may as well, while some may charge a small fee.

8) Interview successful business brokers and/or certified exit planners

After receiving feedback from business brokers and personal financial planners, begin interviewing tenured business brokers/ exit planners. Once again, you can expect a free initial consultation. Provide them with the information you've developed so far and ask what they can do for you and how they will go about it. Based on the data you provide, they should be able to provide a proposal with a fairly tight estimate of their fees to coordinate and complete a comprehensive business

exit plan.

This approach gets you personally involved and helps provide a preliminary education before a comprehensive exit plan is completed. That's a good thing, but only if you do not procrastinate in the information-gathering process. If you are unwilling or unable to commit to the self-education time required, then simply start with identifying and interviewing qualified business brokers/exit planners. You'll likely spend a little more on professional fees, but it will still be one of the best investments you'll ever make and minimize the time required on your part.

WHAT IS MY BUSINESS WORTH?

It will cost you absolutely nothing and there is no obligation in giving us a call or an [email](#) to request a simple valuation of your business. Relying on a professional that understands your industry is important. It is also wise to work with someone who is aware of current trends; and that is working with both buyers and sellers daily. This approach insures you plan for and receive the maximum return on the transfer of your business.

Next Issue:

How Small Businesses Are Valued Based on Seller's Discretionary Earnings (SDE).

[Contact Us](#)



John W. Zoellner
Zoellner, Garten & Co.
Cincinnati, Dayton OH
513-852-2400



Terry D. Wagner, Sr. Vice President
James R. Sachs, Sr. Vice President