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June 2019 - In This Issue:

RISE ABOVE THE EXCUSES FOR NOT PLANNING YOUR EXIT

INDUSTRY KNOWLEDGE

RACES - RESULTS

WHAT IS MY BUSINESS WORTH

ON THE OTHER SIDE

A friend told me her husband was interviewing for a new job. He's a technical guy - Chief Information Officer / Chief Technology Officer type. She wanted me to understand the opportunity and provide an opinion of what I thought of the opportunity.

The new opportunity is to join a twelve-year old on-line business that sells limited access products. Company Sales are for the most part based on price with not a lot of reason other than price for customers to return.

As for the new position, it's a small pay reduction from his current position, with slightly lower benefits, but

THE OVERALL GOALS OF PLANNING YOUR BUSINESS EXIT

Exit planning provides the road map for successfully selling your business, transitioning to the next stage of your life (whatever that may be depending on your choices) and learning how to control your own destiny.

Business exit planning creates a path to achievement

It helps you establish realistic business, personal and financial goals and helps provide a path to achievement. Your desires in those three aspects of your life have to be consistent with each other.

Set realistic expectations

For instance, if you are 55 years old and have liquid savings of \$500,000, a business worth \$400,000 and you want to retire in five years (at age 60) with retirement income of \$200,000/year so you can "travel the world," the numbers are inconsistent. Your projected retirement income is not on target with your desires. Something has to change and, in this instance, you'd probably have to adjust your expectations for retirement income and the amount of travel you can afford. It's also possible that you think your business is worth \$1,000,000, but it is really only worth \$400,000. That is clearly important for you to know so you can adjust accordingly, possibly developing plans - if you start early enough - to increase the value to \$1,000,000.

Assess your personal financial situation and longer-term goals

with Stock Options and perhaps more important, a career move upward. My first thought - you are being interviewed to see if your skills match what the employer is looking for - you need to be interviewing the Company. Ask questions like who owns the Company, what does the Organization Chart look like as you will be upper management, is the Company financially strong, who are the competitors, what funds will you have to accomplish the goals to be set for you and the position, and others that will come likely up in the discussion. It turns out the Company's Stock is publicly traded - Over-The-Counter market. Knowing that, I was able to find financial statements. Sales were rising rapidly from 2014 to 2017, then growth slowed in 2018. Losses were reported in each of the past years except for 2017; the cumulative losses for those five years exceed \$3 million and Book Equity is negative over \$3.7 million. By no analysis is it a financially strong Company. The job opportunity - maybe the Company really needs someone to push the

Just like reading a road map, you need to know where you are before you can determine where you are going. A good exit plan begins with an assessment of your existing personal financial situation, including a baseline business valuation as well as the value of other assets you own. That's where you are. To determine where you are going, it helps to preliminarily establish longer term goals such as how long you intend to own the business, what you intend to do after selling it and to whom you would like to ultimately sell the business (children, employees, third party). That information lays the groundwork for preliminary determinations of your future financial needs.

Planning keeps you in control of your destiny

Mental preparation to depart your business is another goal of exit planning. Making that final decision to sell is often difficult and emotional. It is never simple. But making the decision to go through the exit planning process is far different than making the actual decision to sell. From a timing standpoint, your exit plan can be flexible. The earlier you start the exit planning process (from day one of ownership is recommended), the better off you'll be. However, just knowing you have a plan will ease the pain when the actual decision time arrives. Planning keeps you in control of your destiny.

View your business as an investment, not merely a job

Another major goal of developing an exit plan is to learn the process of converting your business into cash. You need to understand how businesses are valued, what kinds of obstacles you face in selling your business and actions you can take to increase the value. A SWOT (strengths, weaknesses, opportunities and threats) analysis of the business can be extremely helpful. Applying this scrutiny will help you realize you should view your business as an investment, not merely a job.

Tax planning

In addition to providing business improvement action items, advanced planning can help minimize tax implications of a business sale. Both are important aspects to maximize the net proceeds you will receive from selling your business.

Estate and wealth management planning

on-line Sales and grow the Business? Maybe if it was doing well, they wouldn't need him? Maybe it's an opportunity to really add a super success story to his Resume? Maybe it's not financially viable and no matter how good he is, it won't matter. Lots of questions, answers to come to help make a decision - if the job is offered.

What he decides to do is up to him, but I believe that ***having discussions as the interviewer, not the interviewee***, will provide information for him to make a good decision. In many situations when we have to make decisions, if we put ourselves "On The Other Side" in our approach, we might or should be better prepared to make the best decision.

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

What will you do with that large pile of cash (hopefully) provided to you at closing? Estate and wealth management planning are also worthy goals that can be accomplished through the process of exit planning.

Contingency Planning

Finally, developing a contingency plan to transition the business and protect your family in the event of an unexpected death or disability should be a critical goal of the business exit planning process.

INDUSTRY KNOWLEDGE & ACCESS TO BUYERS NATIONWIDE

Our presence as a Professional Business Broker is extended nationally as a result of being associated with associates located nationwide. 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 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](#)

NEXT ISSUE

A 20-STEP BUSINESS EXIT PLANNING PROCESS

and receive the maximum return on the transfer of your business.

[**CONTACT US**](#)



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