

October 2019 - In This Issue:

**CONSIDER YOUR POST EXIT
OPTIONS**

INDUSTRY KNOWLEDGE

WHAT IS MY BUSINESS WORTH

**A BUYER FOR EACH SELLER? By
John Zoellner, BCA, MCMEA**

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SELLER?**

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In the many decades that I've been working with Sellers and Buyers of Businesses, I've often heard it said that there are more buyers than sellers. I respectfully disagree with this premise.

The Sellers we advise are committed to sell. They have signed an Agreement with us to advise and assist them with the sale. Buyers, unless they have engaged us to locate acquisitions, inquire and explore businesses we present for sale. Are the buyers serious? I've said on many occasions that to buy a business a buyer needs three things: 1) Money, 2) a Plan, and 3) to be a Risk Taker.

Either the buyer has money or not - it can be quantified. The Plan is a bit different. The buyer has to formulate how the business will be operated after the purchase. How will transition to the new owner work -

CONSIDER YOUR POST-EXIT OPTIONS

Consider Your Post-Exit Options

Early in the exit planning process, you should consider your post-exit options. Experience shows that owners continually defer taking the time to do this type of introspection.

In reality, many owners do not look forward to retirement because they feel like they will lose a part of themselves. In their minds, the business is the owner and the owner is the business. That type of thinking is not conducive to a successful sale, nor is it conducive to taking that first step towards developing an exit plan.

Make yourself independent of the business you own

To successfully sell a business, you need to be able to let go and make yourself independent of the business you own. If you truly are the business, and you are irreplaceable, you have nothing to sell. Many business owners have a subconscious fear of not being a vital element in their business. Their personal identity and self-worth are tied to the business. And, as a result, it is hard to even think of stepping away.

Find something that excites you

That's why you need to consider your post-exit options. What can you get excited about that will enable you to begin the planning process? Are there business, investment or personal growth opportunities that you would like to pursue? Would you enjoy a life of leisure - traveling, boating, moving to the beaches, relocating to be near your grandchildren? Do you just want to relax? Spend more quality time with your family? More romance? Volunteer your time? Take a less stressful job? Obtain a high-paying job, maybe as a consultant?

Change is not easy, especially when your business feeds your ego. It is easier if you can identify activities and goals that will make your transition less stressful. If you can get excited about those goals, then you should be able to overcome the subconscious fear of taking the steps to plan for your exit.

learning what the seller knows? Can the business maintain what it is currently doing? Can it support the debt incurred from the purchase? What are the issues that could cause a decline? What's the plan to grow it, and growth is always a target?

If the buyer has developed a plan that he/she has confidence in, the next issue is RISK assessment. In business there are no "sure things". Buyers almost always use personal funds for an Equity infusion and borrow funds to complete an acquisition. Lenders require personal guarantees and often want 2nd mortgages on the borrower's home. It's an all-in commitment for the buyer.

Not to be overlooked is risk assessment by the buyer's family, most specifically how the spouse will support business ownership risk. Personal guarantee and second mortgage begs the question - "what if the business declines or doesn't work out, will we lose everything?" Owning and operating a business is hard! Support is essential.

About 20 years ago I was asked to meet with the wife of a man that was in the business acquisition process. The husband (not the wife) was to guarantee loans and provide a second mortgage. One of the first questions the wife asked me was "if the business fails, can we lose our house?" I said "yes" with no hesitation. I went on to discuss/outline what needed to happen before they lost the house - the business fails, business Assets are sold/converted to Cash to pay bank debt. Then if there's a shortfall, the bank wants to be paid, so maybe they allow the shortfall to be paid via a loan. In this case, a likely shortfall was not significant, and would likely be worked out without the bank selling the house. She was OK with proceeding with the business purchase. The update is that the

Transition to lesser day-to-day involvement in your business

There are other benefits as well. If you can identify post-exit goals well in advance of your exit, you can transition to lesser day-to-day involvement in your business, freeing up time to further develop your post-exit interests. This can also allow you to focus on the business' big picture and, in doing so, actually increase the value of the business. Yes, to some extent, the less you are involved in the business - from a day-to-day operational aspect - the more it could be worth.

Consider the goals of your stakeholders

In addition to your personal goals, you need to factor in the goals of others affected by your decisions - your spouse or significant other, your children (and possibly their spouses) and any co-owners of the business. Your exit plan needs to consider the needs and feelings of others.

Consider your financial goals

And finally, you'll need to determine your financial goals. How much money will be needed to achieve your personal goals, and what is your existing personal financial situation? Are your personal and financial goals in sync with each other?

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.

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husband is currently in the process of selling his ownership to his partner and the wife asked him to contact me to assist.

One of our focuses when advising business sellers with the sale is to "manage the sale process". Part of that service is evaluating buyers. I've had a few (rare) occasions when I told sellers that we were wasting our time with a particular buyer and should stop dealing with him. On many occasions I've been able to introduce buyers to accountants, attorneys, and bankers that assist with making an acquisition.

Selling a business is a huge undertaking. We want to secure your trust to advise. Take a few moments to call us to discuss the process. Confidentiality is guaranteed.

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

***RETIREMENT SATISFACTION
STATISTICS***

[CONTACT US](#)



**[John W. Zoellner](#)
[Zoellner, Garten & Co.](#)
Cincinnati, Dayton OH
513-852-2400**



James R. Sachs, Sr. Vice President

