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December 2019 - In This Issue:

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ORANGE & ONION SALAD

By John Zoellner, BCA,
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It seems like forever that my family has made Orange & Onion Salad for "big" dinners like Thanksgiving. It's just three oranges, peeled & sliced, one half Vidalia onion sliced, and Kraft Catalina Salad Dressing. Put all ingredients in a bowl, stir, refrigerate overnight, enjoy!

Or NOT enjoy! My Mom always made it, some of my siblings make it, I make it, usually for Thanksgiving. I cook the Thanksgiving meal - a fresh not frozen turkey, real dressing, real cranberry sauce, brussel sprouts - and the infamous Orange & Onion Salad. I've offered it to guests to try - some/most will try it, not all.

Be Open to Explore Opportunities. As business owners we have opportunities to learn about new ways to do things, whether it's how we make a product or how we package something or how we advertise or how we manage our businesses or how we will have to change our business in the future. Maybe the opportunity is how we see the future of our businesses. It's December - what will

FACING YOUR OWN MORTALITY

When a business owner dies (or becomes incapacitated) earlier than expected without a contingency plan to deal with the situation, often the company cannot survive the owner's death or absence.

Ben Franklin wrote "...in this world, nothing is certain but death and taxes." As he often was, Franklin was spot on with those words. It is a certainty that we will all die and unfortunately we can't be sure when our time is up. It seems everyone knows of someone who died prematurely.

50 to 90% of your net worth may be at risk

When a business owner dies (or becomes incapacitated) earlier than expected without a contingency plan to deal with the situation, often the company cannot survive the owner's death or absence. Studies show that the business represents 50-90% of a typical business owner's net worth. So the business owner's family is not only overwhelmed by the personal loss of someone they love, they may also be devastated financially. A 50% to 90% loss in net worth is not the type of legacy you want to leave your family. For their years of emotional support during your entrepreneurial business ownership struggles and efforts, they deserve more.

Do not procrastinate

Most of us have a tendency to avoid facing our own mortality. It's not enjoyable to consider your own death. So, we put off designing a will and estate planning because it requires us to think about dying. But as Ben Franklin wrote, it is a certainty, it is going to happen. And we do need to face it. Especially as a business owner, where a large portion of your net worth is tied to the business, you are not being fair to your family or others in the business if you procrastinate.

Of all the articles in our newsletter series, heed the advice of this one and get started on a contingency plan TODAY! Overcome the Power of Inertia, do not procrastinate and do something NOW. (While you're at it, start working as well on your "alive" exit plan, it's more enjoyable.)

Examples of problems encountered if no contingency plan exists

happen to our businesses in the coming year, or years. Do we take time to sit back, review and analyze where we are, what is working, where do we need to change/improve, where we might be heading?

It's Called **PLANNING!** I suggest and ask that you set aside time to analyze, to explore opportunities, to develop a **PLAN** for next year and maybe the next few years. One reason businesses struggle is that the Owners and Managers don't look ahead, don't plan, and often, even if a plan is created, don't accept that they need to change for the plan to be effective.

Maybe it's like my Orange & Onion Salad - when I mention it to someone, the first reaction is to question that combination of ingredients. But some that have tried it actually like it. I admit that I've often been reluctant to try new foods, and reluctant to try new opportunities for my business. But when I have explored new things, new opportunities, I always come away with something positive.

Business Owners - a day will come when you will not be the Owner. Have you given thought to the value of your business should you decide to sell, how you will exit, what will happen to it? If you haven't had your business valued, you should - even if selling is not part of your current plan. The valuation process will identify strengths and weaknesses, which could initiate changes going forward.

Give us a no obligation call to discuss the value of your business. Like tasting a new dish, the results may surprise you!

LEAVING YOUR BUSINESS - THE "PROCESS"

All Business Owners will leave their businesses. Options

Your premature departure, if you are the sole or primary owner, can result in several problems for the business. There may be a leadership vacuum. Who is going to run the business if you are not there? What's going to happen to the business? Will it be sold, liquidated or continue under new management? Employees may worry the company will not survive and begin to look for other jobs. Especially if you have personally guaranteed loans, lenders may call in outstanding debts. Customers may become concerned and switch to your competitors. Concerned vendors may detrimentally change the company's payment terms, perhaps requiring cash on delivery. Without a contingency plan, the company is unlikely to survive these types of scenarios.

Develop a written contingency plan in conjunction with your advisors

You need to work with your family, your employees and professional advisors (including your attorney, your CPA, your lenders, a life insurance specialist, and possibly a professional exit planner and a professional intermediary) to develop a written contingency plan. The plan should address what your intentions are for the company if you die unexpectedly. What will ultimately happen with the business? Who will be in charge in the interim on a daily basis until a final disposition is made? You may need to incorporate "stay bonuses" for employees to entice them to stay for a year or two after your death so the business can survive through a difficult transition period without you. If the company is to be sold, identify the intermediary with whom you are comfortable.

Most companies will struggle for a while after the loss of the owner. In most instances, it's a good idea to fund the transition period, including the need to have monies available for debt service and employee "stay bonuses" through life insurance. Work with your professional advisors and a qualified insurance professional to determine the appropriate solutions for your situation.

Contingency plans do not need to be confidential

Whereas confidentiality is very important when you are trying to sell a business, the opposite is true with a contingency plan. You want all the parties mentioned above to participate and be knowledgeable of the details of your contingency plan. If something unexpected happens, all parties will then have expectations of what should occur, aiding a successful transition.

What will be your legacy?

Without a contingency plan in place, if you die or become incapacitated next week, would your business survive? Would your family be devastated financially because most of your net worth is tied up in the business? Is that going to be your legacy?

Don't let the absolute worst scenario develop for your

include closing it, selling it, or letting your heirs deal with it. The **"Process"** is a Journey, that is, deciding to sell, finding a buyer, making a deal, and Closing on the Sale. It includes determining an Asking Price, finding Buyers, structuring a deal, Due Diligence, and Closing. We have Advised Business Sellers and Buyers on hundreds of transactions. Have we seen it all? No, but we've addressed a lot of issues and gotten deals done.

Let's start the Process - let's meet to discuss your thoughts and objectives - of course with no cost or commitment.

family. Start working on a contingency plan **TODAY** and make it your top priority. What could be more important?

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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