



Hope is Not an Exit Strategy

Episode 1: Monetizing Your Business Podcast

June 2021

Ben Franklin said: “In this world, nothing is certain but death and taxes” ...and for the Business Owner we can add:
“Transitioning out of your Business”.

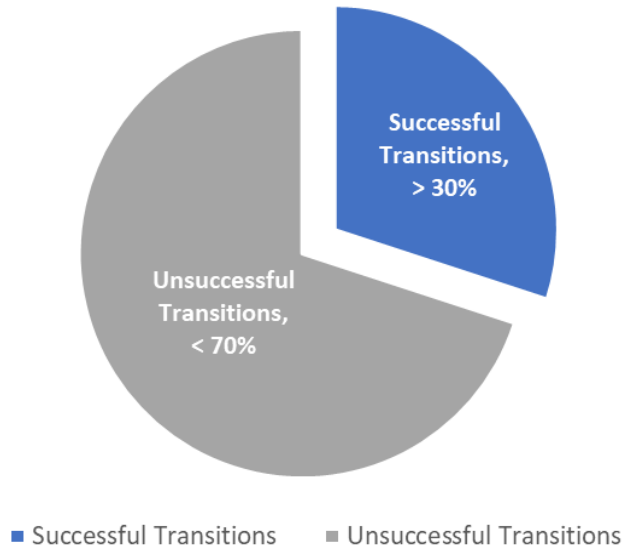
There are only 3 ways for you to Exit your Business:

- Pass it on through Inheritance or Gifting – CPA Example
- Sell it (option all at once or a recapitalization)
- Private Companies do not continue in perpetuity, so they Cease to Exist

The Good News is if you are a small bit proactive you get to control the When, How and How Much of your Transition!

Generational Roulette

Family Business Transitions to 2nd Generation



Source: Family Business Institute

Odds & Payouts for American Roulette

Bet	Payout	Odds
Even / Odd	1 to 1	47.4%
Red / Black	1 to 1	47.4%
Low / High	1 to 1	47.4%
Column	2 to 1	31.6%
Dozen	2 to 1	31.6%
6 Number Combination	5 to 1	15.8%
5 Number Combination	6 to 1	13.2%
4 Number Combination	8 to 1	10.5%
3 Number Combination	11 to 1	7.9%
2 Number Combination	17 to 1	5.3%
Any One Number	35 to 1	2.6%

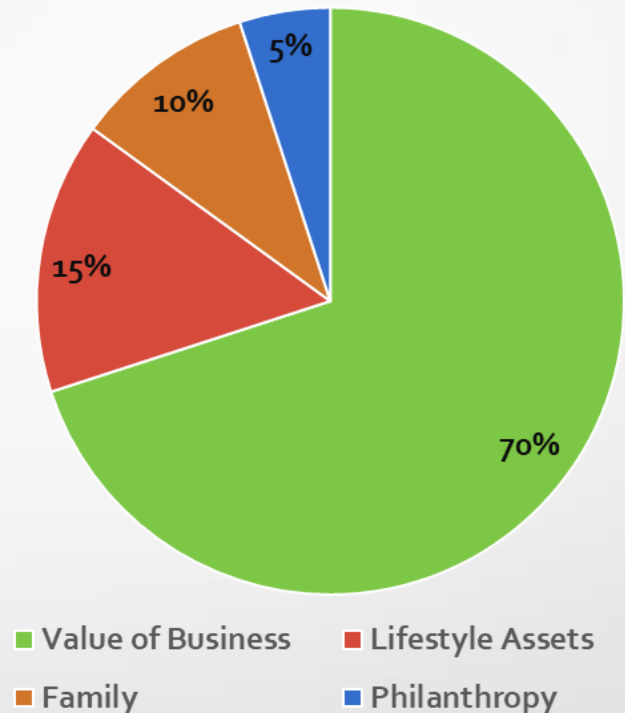
LESS than 30% of Family Businesses Survive past the 2nd Generation.

12% make it thru the 3rd and only 4-5% make it past the 4th.

A BUSINESS OWNERS MOST SIGNIFICANT ASSET... IS OFTEN THEIR BUSINESS

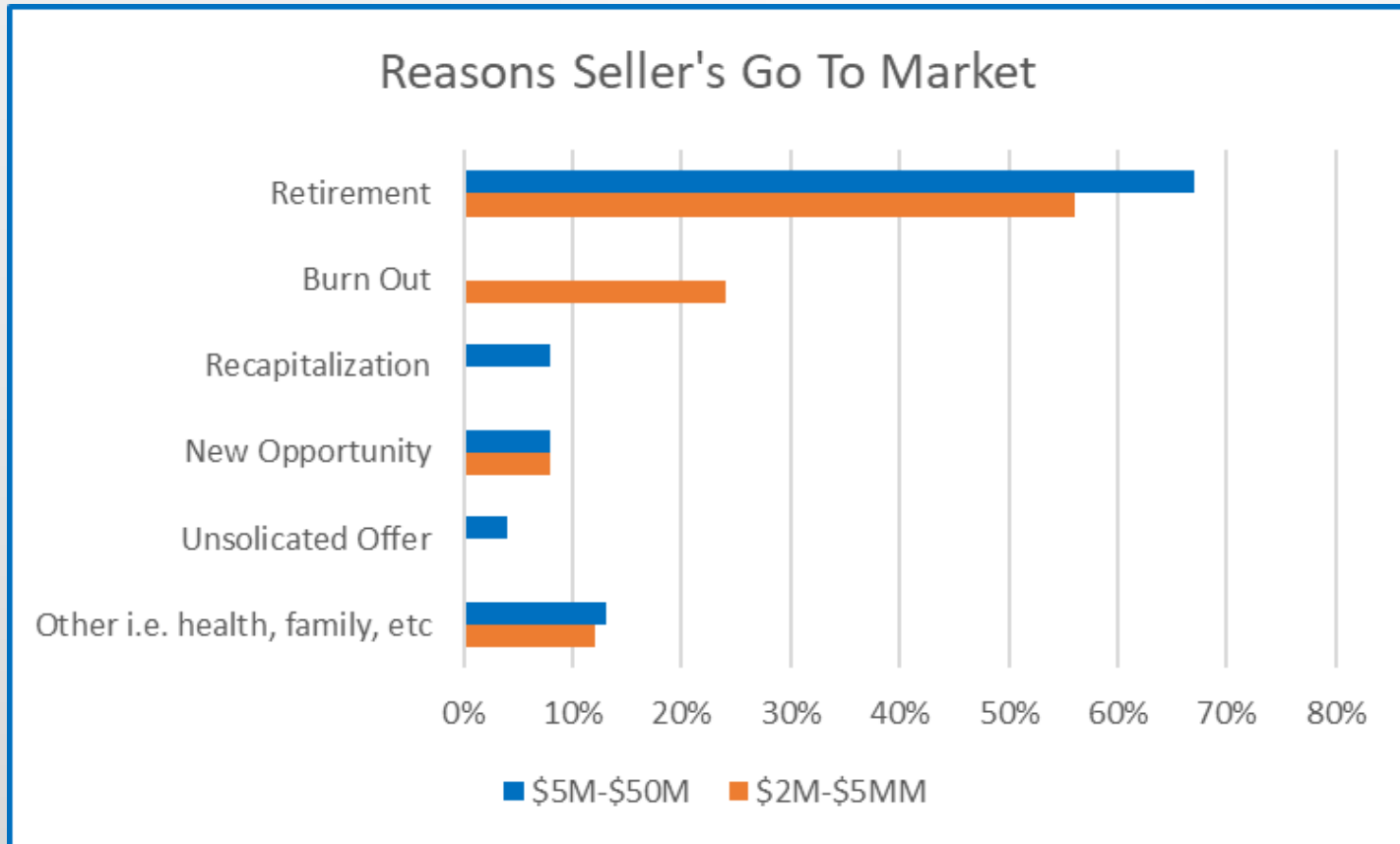
A 2014 survey by CNBC found that more than 70% of a small business owner's wealth is invested in their business.

Additionally, a 1997 survey conducted by the American Family Business Institute revealed that 60% of a family's wealth is tied up in their business. 20% of respondents even estimated that that 80% of their wealth was tied up in the family business.



Key Take Away: As a Business Owner - Your Wealth is Illiquid

What Triggers Business Owners Transitions



If you are Selling for Retirement, you are wanting to lock in your future Financial Security – **Total Value** at Close is KEY!

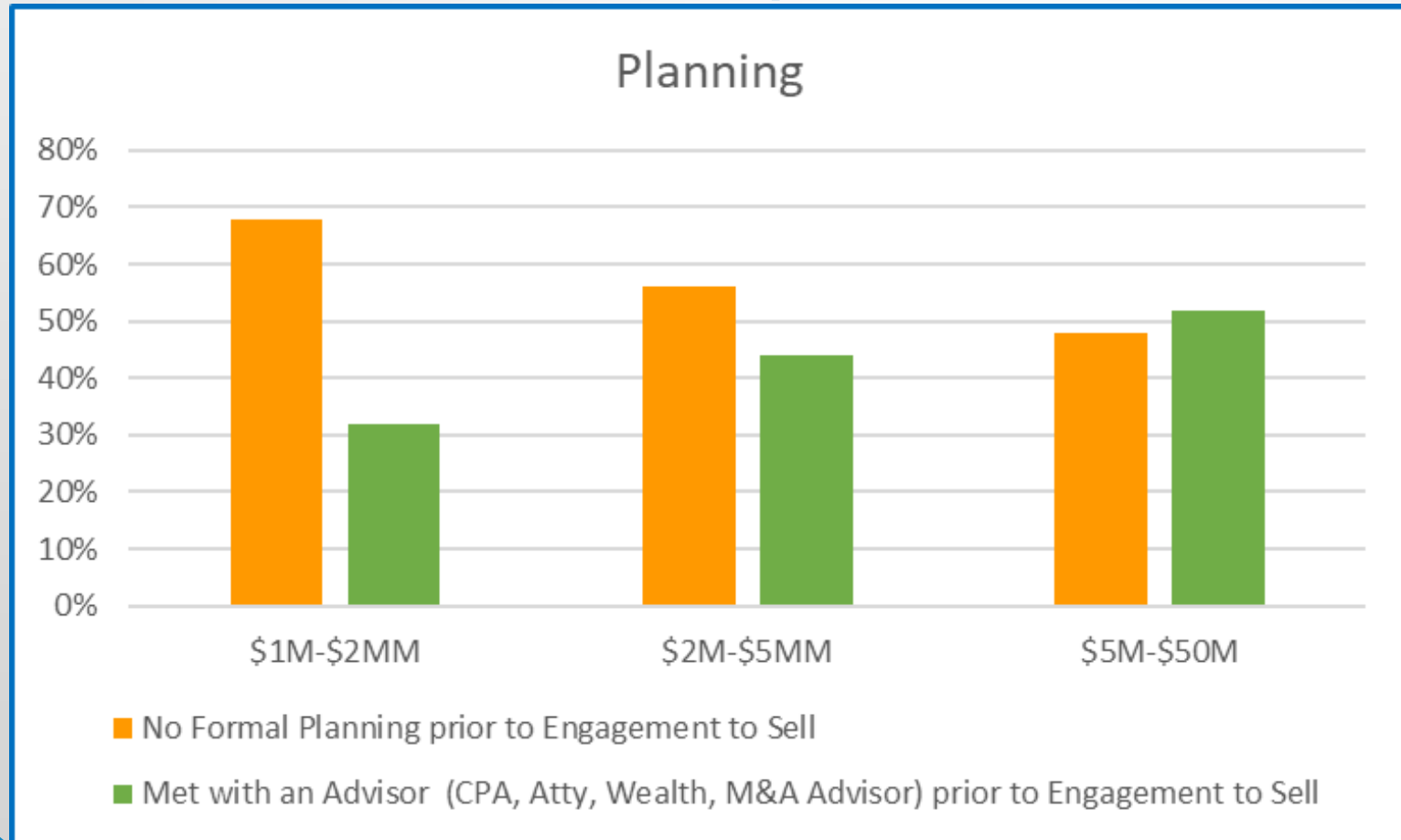
Source: MarketPulse Report through 4Q 2020

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Let's Summarize our discussion so far:

- At some point every Business Owner will have to decide When and How they are going to Exit their business.
- Less than 30% of family businesses survive past the 2nd generation.
- Your business probably represents between 60% - 80% of your net worth.
- Your business is highly illiquid and by extension so is your and your family's financial security.
- Over 56% of the Businesses valued between \$2-\$5MM and 68% of the Businesses valued between \$5-\$50+ MM go to market for retirement or liquidity solutions.

How much formal Planning prior to engaging in the largest financial Transaction of Your Life should you do?



Source: MarketPulse Report 4Q 2020

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Improving your Success starts with not Leaving your Business Transition to Chance

- Have a Plan Before You Decide to go to Market, Start Today...if you haven't already.
- Know What You NEED from a Transaction: Personally, Financially and Professionally. (Block Co Story)
- This is a DO IT FOR YOURSELF Process (DIFY). Be Proactive.
- Initially, you are going to need a good Wealth Advisor and M&A Intermediary.

One Final Thought: "When it comes to your Financial Security... Remember "LNTC"...Leave Nothing to Chance!"

We hope you enjoyed this presentation and learned some valuable information

- If you have questions or would like to set up a complementary confidential call to discuss your opportunity, or
- If you have comments or suggestions on how we can improve these type presentations, or
- Have topics that would be of interest to you. (Note: we will only pontificate if we have the experience and knowledge to do so. If we do not, we will interview folks who we know are a strong and trusted resource on the topic.)

Please email Renae at: renae@uptonco.com

Thank you