

# Haute Retirement Leaving Your Business in Style

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The January 2007 issue of SilverLink began a discussion of Exit Planning strategies—strategies driven by baby boomers as they evaluate their current lifestyles and solidify plans for the future.

As previously outlined, a solid approach to Exit Planning consists of a seven-stage process, with each step designed to move business owners closer to making choices that are right for them and their families. In many cases, as business owners work through the process, they create an individualized path toward retirement, with results that reflect their own unique style. These seven steps are listed below:

## Stage 1—Goal Setting

Is there a plan in place enumerating your exact retirement goals? What will it take – in cash – to reach those goals?

## Stage 2—Valuation

Do you know how much cash your business is worth today?

## Stage 3—Value Maximization

Have you determined the best way to maximize the income stream generated by your ownership interest?

## Stage 4—Sale to Third Party

Could you sell to a third party and pay minimum taxes?

## Stage 5—Sale to an Insider

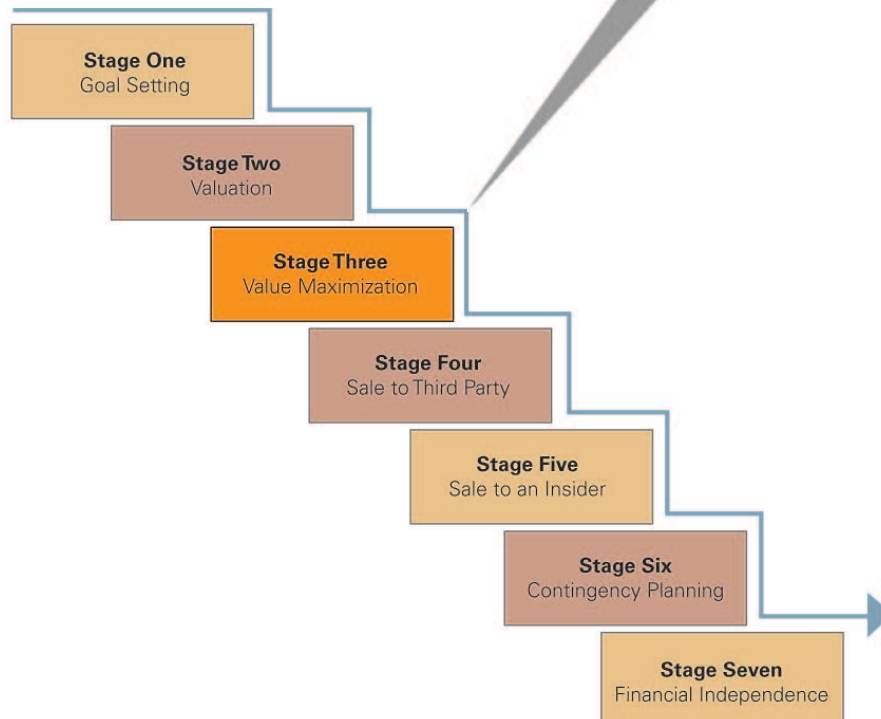
Would you be able to transfer your business to family members, co-owners or employees while paying minimum taxes and enjoying maximum financial security?

## Stage 6—Contingency Planning

Do you have a continuity plan for your business if the unexpected happens to you?

## Stage 7—Financial Independence

Do you have a plan to secure financial independence for your family after the sale?



## Stage 3 Value Maximization

While all aspects of this Exit Planning strategy require work and focused attention, this article will elaborate on various components of **Stage 3—Value Maximization**. This value can benefit any organization, at any stage of your business life cycle. Some critical elements of Value Maximization include these issues:

### *Step 1 — Vision*

Maximizing the value of your organization begins with a clear vision of what you want to create. What do you want your business to look like when you turn the next corner? What do you want to create for your community and for your family legacy through the business you have built?

### *Step 2 — Strategic and Tactical Planning*

Visions are difficult to achieve without taking the time to identify the strategic approach and tactical steps that will move you along your path.

### *Step 3 — Talent Assessment and Development*

This aspect of value enhancement recognizes the contribution made by key people in your work environment. How do you make the most of your current key contributors? How do you incorporate / hire the correct people to enhance / complement your current talent pool?

### *Step 4 — Culture Assessment and Development*

Recognize that your business is more than the gathering of individuals for a common purpose. As people gather for work, the environment that is created is a function of how people interact together. Based on experience and personal values, people choose their interactive styles in areas such as communication, conflict and recognition of others. If company culture is examined, possibilities exist for positive modifications that

stand to increase productivity, retention and overall job satisfaction. Company culture is easily overlooked by owners and employees alike, who tend to remain focused on their day-to-day activities.

### *Step 5 — Commitment to Change and Growth*

It is almost always easier to continue activities that are comfortable and familiar. However, maximizing the value of your firm implies change and growth. It also implies doing some things differently and thinking about what you do in a different way. Change is often painful and difficult. Growth, too, can be challenging. When it comes to a choice between pain and comfort, it is not surprising to find many who choose the more comfortable path. For this reason, a dogged commitment to your vision will be a necessary ingredient for the achievement of maximum value for your firm. This requires never losing sight of the work you do “on” your business.

### *Step 6 — Sharing the Pain and the Gain*

Sharing the development and implementation of your value-maximizing goals and strategies with your key organizational contributors will increase your chances for success—and also serves to remind you that you aren’t in this alone. Empowering or sharing power with others in these processes builds power throughout the organization because it brings out the best in people. Fear can make us small. But being brave enough to embrace growth in others creates strength in leadership.

Leaving your business in style doesn’t just happen. It’s the result of thoughtful and careful planning. If you are within 10 years of exiting your business and would like to learn more about maximizing your value, contact SilverStone Group for frank answers and open discussion.