



Strategies for Success!

Are you unprepared to exit your business?

A recent article in Forbes highlights the key issues. Though written from a USA perspective, it applies in New Zealand and Australia also.

Selling or transferring a business is a common goal for owners looking to fund their retirement, but many are unprepared for the process, risking not getting the full value of their enterprise. According to Christopher Snider, CEO of the Exit Planning Institute (EPI), recent surveys reveal that a significant number of owners lack an exit plan, despite having a substantial portion of their assets tied up in their businesses.

EPI estimates that over \$10 trillion in business value across 4.5 million firms will transition in the next decade. However, only 20-30% of businesses that go to market end up selling. Snider attributes the seller's market to a lack of attractive supply rather than strong demand. Baby boomers, aged 53 to 71, are holding onto their businesses longer than expected, contributing to the delay in the anticipated business transfer.

The survey of over 200 San Diego business owners' highlights challenges they face:

- 53% have given minimal attention to their transition plan, even though 75% are 51 or older.
- 88% lack a written transition plan.
- 80% never sought advice about a transition.
- 70% don't know the after-tax income needed to support their lifestyle.
- Only 58% have an estate plan, and many lack an updated business value or provision for the business sale.
- Less than 40% had a formal valuation in the last three years.
- Less than 48% of businesses with multiple partners have a buy-sell agreement.
- One-third haven't considered management succession, and only 25% are confident in their managerial team's success post-transition.

Snider emphasizes the need for owners to maximize the transferable value of their business and position it for a successful transition to unlock the wealth within. He advises seeking help from accountants and advisors to accurately assess business value, urging owners to prioritize planning and education for a smooth transition.

If this raises some thoughts or issues with you and you want to discuss your unique situation, then contact us. We listen and can offer personal guidance for your situation.