



# Exit Planning Workbook *for Business Owners*

*Take Control of Your Business Exit and Your Financial Future*



# Welcome



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My name is Ken Stiefler, President of eXITS, LLC and I am thrilled that you have chosen to complete this Workbook. I have over 25 years experience working with owners of privately-held businesses, addressing planning issues that are unique to them. While working in these areas, I help clients develop a complete personal exit strategy focusing on the business owner's personal and business needs and goals.

Before you begin to fill out this Workbook and begin preparing for the biggest financial event of your life, let me share just a bit of what statistics tell me about you. As one of the 9.5 million business owners in the United States, you are likely to be over 50 years old. According to a 2005 Pricewaterhouse Coopers' survey of companies in the \$5 million to \$10 million of value range, there's a two in three chance that you plan to leave your company within the next ten years. Yet, only 22 percent of you report having done a great deal of succession planning.

## ***“Have you prepared for the biggest financial event of your life?”***

Given that your exit from your company is likely to be the most significant financial event of your life, what are you waiting for? If you are ready to start planning for your inevitable business exit, then give me a call and I will help guide you through the process of cashing out of your business and moving on in style.



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*Ken Stiefler is a Member of BEI's Network of Exit Planning Professionals.™*

# An Exit Isn't Built in a Day

Building Rome and planning a business exit have much in common. Both require strong foundations. Both should be able to withstand unforeseen events and adapt to the needs of the Caesar/owner. Both require more than a day.

## **STRONG FOUNDATION**

In our opinion the only *successful* business exits are those that meet all three of an owner's primary objectives:

- Leaving the company on the date an owner chooses;
- Leaving the company to the successor that an owner chooses;
- Leaving the company with the amount of cash desired to secure a *comfortable* post-business life.

You may have additional objectives that we will explore as we create your plan. The foundation of your Exit Plan will be your objectives, not ours.

## **FLEXIBILITY AND ADAPTABILITY**

Great Exit Plans keep owners on track to successful exits. They provide for changes in the company, in the make up of key management, in company profitability and in the owner's health and personal life. While we put Exit Plans in writing so that you can hold your advisors accountable for their progress in moving you toward your exit, plans are not inscribed in stone. If you change your mind about leaving your company to a child, or if a third party buyer unexpectedly approaches you, a well-designed plan adapts.

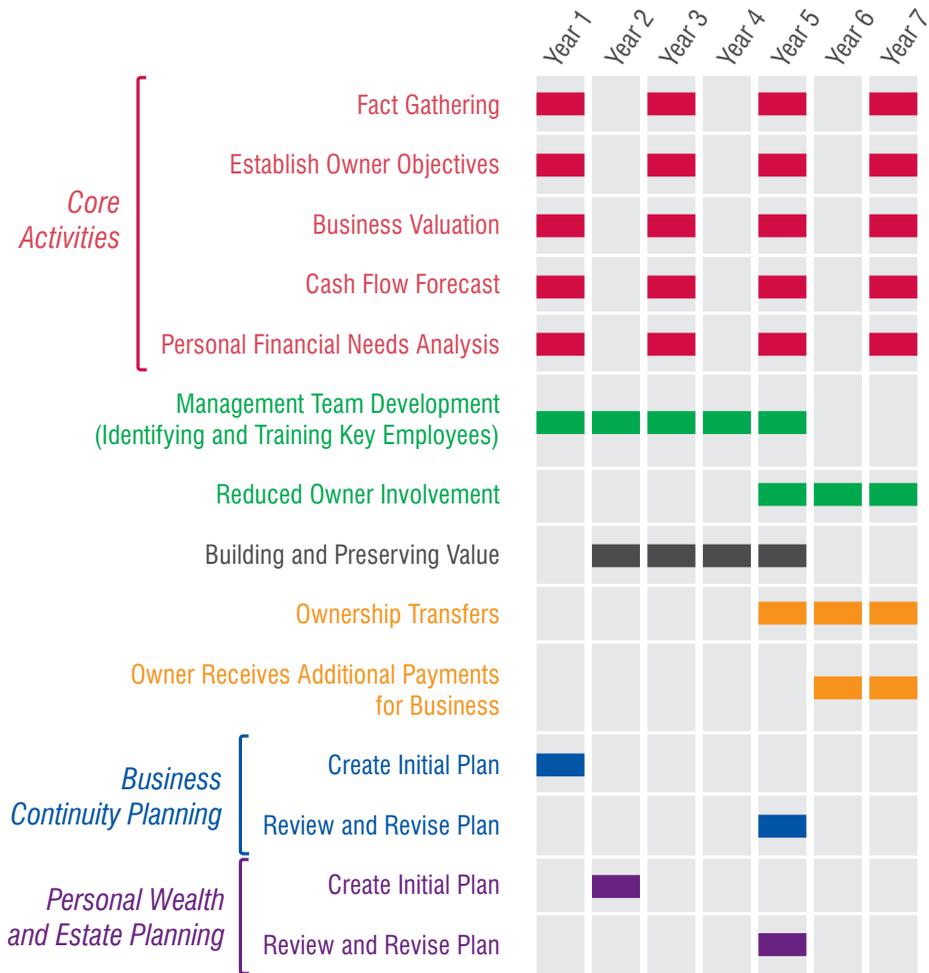
## **PLANNING TAKES TIME**

"How much time does it take to plan a successful exit?" is a great question whose answer depends on your objectives and on your answers to our many questions including: Do you have a strong management team in place? Does that team want, and is it prepared to pay for, your ownership interest? Is your cash flow growing? Are there third party buyers active in your marketplace?

We can't tell you exactly how much time will elapse between today and your retirement party. We can tell you that the more time you give us to plan, the more successful our strategies will be. On the next page, we provide a snapshot of a "typical" Exit Planning timeline. Of course, we've created both shorter and longer timelines for our clients.

## EXIT PLANNING TIMELINE

### Seven Year Process\*



\*We've used a seven-year timeline to illustrate all of the planning activities included in the typical Exit Plan. Your timeframe may be significantly longer or shorter.

# The BEI Seven Step Exit Planning Process™

We use an approach to Exit Planning that was developed by attorney and author John H. Brown over 20 years ago. This process has been used successfully by thousands of owners across the United States in a wide variety of industries. We use it because it focuses on your objectives, helps build value in your company, minimizes your tax liability\*, maximizes your financial return, plans for contingencies, and incorporates your personal wealth planning. In this Workbook, you'll see how each of these elements is critical to your comprehensive Exit Plan.

## USING THIS WORKBOOK

We ask you to answer either “yes” or “no” to each of the questions we ask. Please rate the importance of each “no” answer so that we can create an accurate assessment of how prepared you and your company are for your exit.

As you answer our questions, you may want more information about certain Exit Planning topics. Each “Resources” box lists articles that we'd be happy to provide. Just ask!

## WORKBOOK ORGANIZATION

**This Workbook proceeds, step-by-step, through  
The BEI Seven Step Exit Planning Process.™**

**The sections are:**

- 1. Your Exit Objectives**
- 2. Your Business and Personal Financial Resources**
- 3. Building and Preserving Business Value**
- 4. Selling Your Company to a Third Party**
- 5. Transferring Your Ownership to Insiders**
- 6. Business Continuity**
- 7. Personal Wealth and Estate Planning**

\* To ensure compliance with requirements imposed by the IRS under Circular 230, we inform you that any U.S. Federal tax advice contained in this communication, unless otherwise specifically stated, is not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing or recommending to another party any matters addressed herein.

## **ONE OWNER'S EXIT PLANNING SUCCESS STORY**

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Mike had been thinking about exiting his company for a number of years and had recently spoken to a number of business brokers who thought they could sell his business for about \$1.5 million—about half of the amount Mike wanted. In terms of exit date and successor, Mike was flexible: if he could net \$2.5 million from a third party, he'd exit immediately. If it took 10 years to get \$2.5 million (net after tax) from his employees, he could wait.

To accomplish Mike's objectives, we created a written plan that called for graduated sales of ownership interest to his management team provided the business met annual performance standards—standards based upon increasing the company's cash flow, year over year.

According to the plan, over the next four years Mike's management team paid him \$1.3 million net after taxes while Mike maintained full control of the business. Because Mike's company's value and cash flow increased during that time, the bank was willing to finance the employees' final payment of \$1 million.



On the day of his exit, Mike sold his company:

- for the amount he wanted;
- to the buyer he chose;
- within his desired timeframe.

*Whether your company is worth \$1 million or \$150 million, that's a successful Exit Plan.*

The example provided herein is hypothetical and used for illustrative purposes only. It includes fictitious names and does not represent any particular person or entity.

# STEP 1 Your Exit Objectives

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An Exit Plan is successful only if it takes you to the destination you choose. Earlier we talked about the three primary goals:

- Leaving the company on the date you choose;
- Leaving the company to the successor you choose;
- Leaving the company with the amount of cash you desire to secure a *comfortable* post-business life.

Owners also have secondary objectives that can significantly influence their Exit Planning choices. For example, you may want your exit to benefit certain key employees or you may wish to pass wealth (with minimal tax consequences) to family members.

***“You’ve got to be very careful if you don’t know where you’re going, because you might not get there.” Yogi Berra***

Do you have any secondary or additional Exit Objectives?  Yes  No

In this question only, if you answered “yes,” please list your additional objectives and rate their importance to you. (0 = N/A. 1 = Not Important. 2 = Somewhat Important. 3 = Important. 4 = Very Important. 5 = Critical.)

_____	IMPORTANCE: _____

## STEP ONE ASSESSMENT

If you answer “no” to a question, please indicate how important the issue is to you using the following scale: (0 = N/A. 1 = Not Important. 2 = Somewhat Important. 3 = Important. 4 = Very Important. 5 = Critical.) Without a rating, we cannot create an accurate Exit Plan Assessment.

1. Have you chosen your exit path and/or successor?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
2. Have you established the date (ex. January 15, 2015) that you wish to stop working in and for your business?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
3. Have you prioritized your Exit Objectives?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
4. Do you know how much money you may need, annually, after you leave your business to live a comfortable post-business life?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_



## STEP ONE RESOURCES

If you can answer “yes” to all of the questions in Step 1, you have a good working definition of your successful exit. If, however, you want more information before setting your objectives, let us know.

- \_\_\_\_\_ Send me “Inevitabilities,” White Paper.
- \_\_\_\_\_ Send me “Exit Routes for Business Owners,” White Paper.
- \_\_\_\_\_ Send me “Setting Exit Objectives,” *The Exit Planning Review*, Issue 2.
- \_\_\_\_\_ I have questions about Step One. Please contact me.

# STEP 2 *Your Business and Personal Financial Resources*

In Step Two, we establish: (1) the value of what you have today (i.e. the value of your business); and (2) the potential cash flow of your business over the next few years. We'll learn whether there is a shortfall between the amount you want or need from your business (when you exit) and the amount you have now.

Unless we know the value of your company, or the amount of after-tax cash you can expect to receive from its transfer, it is impossible to determine if your financial objectives (stated in Step One) can be met.

If your financial objective cannot be met today, a business valuation will tell us how much your company must grow before you can exit. If, on the other hand, you are ready to exit and your company will sell for an amount that will make you financially secure for the rest of your life, there are significant risks if you choose to delay your exit. If you find yourself in this situation, let's talk about those risks and your willingness to take them.



## **When you complete Step Two, you will know:**

- what your company is worth;
- the current and future value of the personal financial assets you have in place; and
- what those assets will be worth in the future. If you do not have a current “thumbnail” valuation of your company, or have not recently completed a Personal Financial Needs Analysis, we can connect you with the appropriate professionals to help you.

## STEP TWO ASSESSMENT

If you answer “no” to a question, please indicate how important the issue is to you using the following scale: (0 = N/A. 1 = Not Important. 2 = Somewhat Important. 3 = Important. 4 = Very Important. 5 = Critical.) Without a rating, we cannot create an accurate Exit Plan Assessment.

1. Do you know the current value range of your business?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
2. Do you know the projected cash flow your business will likely generate over the next few years?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
3. Do you know what value you will need from your business to meet your financial objectives?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
4. If there is a shortfall between the value you will need from your business and its current value, do you have a written plan to achieve the necessary growth in value?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
5. Do you know what income your personal financial resources will likely generate beginning on your planned business exit/retirement date?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_

## STEP TWO RESOURCES

**If you'd like more information about this step, let us know.**

- \_\_\_\_ Send me “Business Valuation,” White Paper.
- \_\_\_\_ Send me “What Is My Business Worth?,” *The Exit Planning Review*,™ Issue 3.
- \_\_\_\_ Send me “Preliminary Financial Needs Analysis,” *The Exit Planning Review*,™ Issue 73.
- \_\_\_\_ Call me about a Financial Needs Analysis.
- \_\_\_\_ Call me about a preliminary valuation of my company.
- \_\_\_\_ I have questions about Step Two. Please contact me.

# STEP 3 Building and Preserving Business Value

We call the elements that build or preserve the value of a company, “Value Drivers.” Value Drivers that preserve value (such as effective financial controls) reduce the risks associated with owning the business. Those that build value (such as a motivated management team) enhance the prospect that the business will grow significantly in the future.

Value Drivers are important whether your Exit Objective is to transfer your business to “insiders”—your children or key employees—or whether you plan to sell to a third party. If transferring to insiders, Value Drivers must be in place so that the business will generate the income stream you need to reach your financial objectives. If you plan to sell to a third party, buyers look for—and pay top dollar for—effective Value Drivers.

In Step Three we will identify which Value Drivers exist in your business, which are missing and which are most vigorous. We also will examine what measures you’ve taken to protect the intrinsic value of your company.

## Value Drivers:

- A Stable, Motivated Management Team
- Operating Systems That Improve Sustainability of Cash Flows
- A Solid, Diversified Customer Base
- Facility Appearance Consistent With Asking Price
- A Realistic Growth Strategy
- Effective Financial Controls
- Good and Improving Cash Flow

## STEP THREE RESOURCES

**If you finish this workbook determined to do no more than enhance the Value Drivers in your company, our time together was a success. If you want more information about this critical step in exiting your company successfully, we’d be happy to help.**

- \_\_\_\_\_ Send me “Value Drivers,” White Paper.
- \_\_\_\_\_ Send me “C vs S Corporation,” White Paper.
- \_\_\_\_\_ Send me “Employee Incentive Planning,” White Paper.
- \_\_\_\_\_ Send me “Working On—Not In—Your Business,” *The Exit Planning Review*,™ Issue 4.
- \_\_\_\_\_ I have questions about Step Three. Please contact me.

## STEP THREE ASSESSMENT

If you answer “no” to a question, please indicate how important the issue is to you using the following scale: (0 = N/A. 1 = Not Important. 2 = Somewhat Important. 3 = Important. 4 = Very Important. 5 = Critical.) Without a rating, we cannot create an accurate Exit Plan Assessment.

1. Is your company’s future performance insulated from the performance (or departure) of one or more key employees?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
2. Do you have a management team capable of running the company in your absence?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
3. Are key employees/managers incentivized to increase the value of your company?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
4. Do your current compensation programs promote the retention of key employees/managers?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
5. Will company performance or your plans to exit the business remain unchanged if one or more of your key employees dies or leaves suddenly?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
6. Have you completed an employee compensation review and analysis in the last twelve months?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
7. Does your company have a qualified retirement plan that is well matched to your employee incentive and retention goals?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
8. Does your company have an established and diverse customer base?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
9. Do you have a realistic, documented growth strategy that aligns with your overall business and Exit Plan?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
10. Does your company have effective financial controls to monitor and minimize expenses and maximize profits?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
11. Have you done anything to transition your management responsibilities to others so that they are ready to take over your business when you are ready to leave it?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
12. Have you taken steps (such as having key employees sign covenants not to compete or limiting access to trade secrets) to protect your most valuable business assets?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
13. Have you separated business assets from business operations to isolate risk and manage company activities?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
14. Do you periodically review and adjust your strategies to minimize taxes upon an eventual sale or transfer of the business?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_

# STEP 4 Selling Your Company to a Third Party

If one of your Exit Objectives is to sell to a third party, you should complete this step of the Workbook and skip Step Five. On the other hand, if you are certain that you will transfer your company to insiders, you may skip this step and move directly to Step Five.

Many owners either do not have a strong preference for a successor, or realize that circumstances may change over time. If you are not certain about your choice of successor, complete both Step Four and Step Five and we'll use your answers to help you explore the advantages and disadvantages of each exit path.

Preparing a business for sale to a third party and completing the transaction take more time, focus, planning, skill and stamina than many owners expect. Keep in mind that only half of all businesses listed for sale do sell, and that sale prices are influenced by the ups and downs of the marketplace. We believe that the best way to ensure the success of a third party sale is to get organized well in advance of putting the company on the market. In addition to improving the likelihood of closing the deal, doing so also significantly reduces the stress on both you and on your business.



## STEP FOUR RESOURCES

**If you'd like to explore the option of selling your company to a third party, we can provide the following:**

- \_\_\_\_\_ Send me "C vs. S Corporation," White Paper.
- \_\_\_\_\_ Send me "Getting Top Dollar For Your Business," *The Exit Planning Review*, Issue 5.
- \_\_\_\_\_ Send me "Family Succession Planning Via Sale To Third Party," *The Exit Planning Review*, Issue 36.
- \_\_\_\_\_ I have questions about Step Four. Please contact me.

## STEP FOUR ASSESSMENT

If you answer “no” to a question, please indicate how important the issue is to you using the following scale: (0 = N/A. 1 = Not Important. 2 = Somewhat Important. 3 = Important. 4 = Very Important. 5 = Critical.) Without a rating, we cannot create an accurate Exit Plan Assessment.

1. Have you been approached recently by a third party wanting to buy your business?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
2. Have you prepared your company for sale by completing pre-sale due diligence and by addressing all issues identified?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
3. Have you reduced your company’s debt in preparation for sale?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
4. Have you conducted any pre-sale planning with respect to any real estate used by your business?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
5. Is there a formal plan in place to incentivize key people to remain with the company through a transition to a new owner?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
6. Have you estimated the taxes that would result from various sale structures?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
7. Are you aware of whether companies in your industry are selling and for what multiples?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
8. Do you understand which *non-financial* features of your company would attract a purchaser?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
9. Have you identified potential buyers who would benefit from purchasing your company?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_\_



# STEP 5 Transferring Your Ownership to Insiders

If you are considering transferring your company to insiders—family members, co-owners or key employees—you are not alone. Especially when a company is too small to attract the notice of a large third party buyer, owners prefer this type of exit because it:

- Yields more cash than a third party sale;
- Allows the owner to exit sooner; and
- Involves less risk—both in reaching the exit and in getting paid.

Transfers to insiders can be difficult, but if you are prepared to stay with your company for a number of years, and if you and your advisors plan the transfer carefully, the benefits are huge.

The biggest question owners have as they consider this type of sale is, “How can my children/employees/co-owner pay me what I want for my company when they don’t have a lot of money?” Effective and careful planning can overcome this difficulty, but planning takes time. If you are considering this type of transfer, you need to talk to your advisors immediately.

As you answer the following questions, you’ll notice that there’s a focus on minimizing income tax consequences for both seller and buyer, and on acquiring the cash to pay the purchase price. If an Exit Plan does not contain these two requirements, the transfer to insiders is unlikely to achieve all of your Exit Objectives.

## STEP FIVE RESOURCES

**If you’d like more information about transferring your company to children or employees, we have the following items available:**

- \_\_\_ Send me “Transferring Wealth to Children,” White Paper.
- \_\_\_ Send me “Transferring Your Company to Key Employees,” White Paper.
- \_\_\_ Send me “ESOP Opportunities,” White Paper.
- \_\_\_ Send me “Transferring the Business to Children or Employees: A Recipe for Disaster?,” *The Exit Planning Review*, Issue 6.

## STEP FIVE ASSESSMENT

If you answer “no” to a question, please indicate how important the issue is to you using the following scale: (0 = N/A. 1 = Not Important. 2 = Somewhat Important. 3 = Important. 4 = Very Important. 5 = Critical.) Without a rating, we cannot create an accurate Exit Plan Assessment.

1. Are you comfortable in the ability of insiders (family members or co-owners) to pay you for your company?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
2. Are you comfortable with the means (such as financing through bank loans, cash or carry-back notes) insiders will use to pay you for your ownership interest?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
3. Are you confident that your plan to transfer your company to insiders is as risk-free as it can be and involves paying the minimal amount of both income and gift taxes?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
4. Have you maximized tax efficiencies in connection with your exit by leveraging qualified retirement plans and/or Non-Qualified Deferred Compensation plans?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
5. Is a buy-back agreement in place to control the interest held by minority owners?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
6. Are you aware of planning strategies that can transfer your business to insiders while incurring minimal tax liability and meeting your financial needs?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
7. Is your company free of any family succession concerns?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
8. Does your successor have the necessary skills and knowledge to participate in ownership of the business?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_

### RESOURCES CONTINUED

- \_\_\_\_\_ Send me “Does A Transfer to Insiders Suit Your Objectives?,” *The Exit Planning Review*,™ Issue 172.
- \_\_\_\_\_ Send me “Time is Essential in the Transfer to Insiders:” *The Exit Planning Review*,™ Issue 171.
- \_\_\_\_\_ Send me “Elements of a Plan to Sell to Insiders,” *The Exit Planning Review*,™ Issue 170.
- \_\_\_\_\_ Send me “Selecting the Right Exit Path: Sale to Other Owners or Employees,” *The Exit Planning Review*,™ Issue 107.
- \_\_\_\_\_ I have questions about Step Five. Please contact me.

# STEP 6 Business Continuity

None of us likes to think about what might happen to our businesses or our families if we were to die or become disabled. Owners who do let that thought cross their minds stay awake nights worrying about it, push the thought away or engage in serious business continuity planning.

Business continuity planning can protect your rights in a number of important ways. If your co-owner leaves the company, dies or divorces, the business continuity agreement can dictate what you will pay for the departing owner's interest. Or, if you died or became disabled, the business continuity agreement could protect your family's right to its share of the company.

Most owners live to see the day they leave their companies, but some do not. The purpose of business continuity planning is to make sure that if you can't run your company, it will survive and your family's financial security will be assured.



## STEP SIX RESOURCES

**If you have not yet taken steps to ensure your company's and your family's economic survival should something happen to you, we suggest that you do so immediately and read any (or all) of the following articles.**

- Send me "Business Continuity," White Paper.
- Send me "Planning for a Rainy Day," *The Exit Planning Review*," Issue 7.
- Send me "Sole Owner Continuity Plan," *The Exit Planning Review*," Issue 12.
- Send me "Is Your Buy/Sell Current?," *The Exit Planning Review*," Issue 147.
- I have questions about Step Six. Please contact me.

## STEP SIX ASSESSMENT

If you answer “no” to a question, please indicate how important the issue is to you using the following scale: (0 = N/A. 1 = Not Important. 2 = Somewhat Important. 3 = Important. 4 = Very Important. 5 = Critical.) Without a rating, we cannot create an accurate Exit Plan Assessment.

If you are the sole owner of a business, please answer only Questions 1 through 6.  
If you co-own your business, please answer only Questions 7 through 11.

### SOLE OWNERS:

1. Do you have a written plan for your business if the unexpected happens to you?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
2. Have you identified a person who can operate the business in your absence?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
3. Have you identified a person who can manage the finances of your business in your absence?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
4. Would your death leave intact your company’s ability to secure or maintain financing arrangements?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
5. Is your plan for the disposition of your ownership at your death coordinated with your plans for an exit from the business during your lifetime?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
6. Do you have a specific written strategy or plan to retain employees critical to the operation of the business if you cannot operate the business due to your death or disability?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_

### CO-OWNERS:

7. Do you have a current buy-sell agreement in place?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
8. Have you communicated your continuity plan to senior management?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
9. Would your death leave intact your company’s ability to secure or maintain financing arrangements?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
10. Is your plan for the disposition of your ownership at your death coordinated with your plans for an exit from the business during your lifetime?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_
11. Do you have business continuity insurance in place?  
\_\_\_\_\_ YES \_\_\_\_\_ NO IMPORTANCE: \_\_\_\_\_

# STEP 7 Personal Wealth and Estate Planning

As a business owner, you are in a unique position in the world of personal wealth and estate planning because your company represents a significant portion of both your net worth, and your annual income. If your children are active in your business, your planning is even more complex. In Step Seven, we work to protect personal assets, and manage wealth both now and in the future—all while promoting family harmony. Lofty goals, but a well-balanced plan requires no less.



## STEP SEVEN RESOURCES

If you'd like more information about personal wealth and estate planning, we have the following items available:

- Send me "Transferring Wealth to Children," White Paper.
- Send me "Preserve Wealth—Give it Away!," *The Exit Planning Review*," Issue 8.
- Send me "Estate Planning for Business Owners and Their Families," *The Exit Planning Review*," Issue 133.
- I have questions about Step Seven. Please contact me.

## STEP SEVEN ASSESSMENT

If you answer “no” to a question, please indicate how important the issue is to you using the following scale: (0 = N/A. 1 = Not Important. 2 = Somewhat Important. 3 = Important. 4 = Very Important. 5 = Critical.) Without a rating, we cannot create an accurate Exit Plan Assessment.

1. Have you taken steps to protect your family’s wealth from unnecessary tax liabilities and investment market volatility?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_
2. Have you done any planning to ensure that your family receives the full value of your company if you don’t survive?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_
3. Have you considered gifting business interest *today* to eliminate or reduce future tax liability?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_
4. Do you have a plan to protect your personal assets from personal and business liabilities?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_
5. Have you reviewed your current life insurance to confirm that it is sufficient to satisfy the needs of your family and estate?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_
6. Do you have a personal wealth accumulation plan?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_
7. Does your estate plan clearly reflect your desires about the ownership, control and ultimate disposition of your business interest?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_
8. Will your family’s financial needs be met from continued business cash flow (or other resources) if you were to die unexpectedly?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_
9. At your death, will any real estate interest associated with business operations be transferred according to your wishes?  
\_\_\_\_ YES \_\_\_\_ NO IMPORTANCE: \_\_\_\_



# Conclusion

Thank you for taking the time today to think carefully about and answer these important questions about your future. In doing so, you have started to assume control of the biggest financial event of your life.

When you return this Workbook to us, we will analyze your answers (confidentially, of course) and create a customized Exit Planning Assessment that will illustrate how prepared you and your company are (at each step of the exit process) to exit your company. We will review that Assessment with you, answer any questions you may have and talk about how an Exit Plan could help you to achieve your specific exit objectives.

***“Things that matter most must never be at the mercy of things that matter least.” Johann Wolfgang von Goethe***

In completing this Workbook, you have focused your energy on “things that matter most:” your family’s financial security and your business legacy. We hope you will use the Resources we have made available and will think seriously about your business exit. Of course, we would be privileged to help you create a plan to exit on your terms.

## EXIT PLANNING PROCESS RESOURCES

**We’ve created several articles to answer the common questions owners ask about Exit Planning.**

- \_\_\_ Send me “How Much Is All This Exit Planning Going To Cost?,” *The Exit Planning Review*,” Issue 38.
- \_\_\_ Send me “Finding The Right Advisor,” *The Exit Planning Review*,” Issue 16.
- \_\_\_ Send me “Indecision: The WRONG Decision,” *The Exit Planning Review*,” Issue 167.
- \_\_\_ Send me “Why Should You Exit Plan When You Have No Plans To Exit,” *The Exit Planning Review*,” Issue 67.
- \_\_\_ Send me “Should You Sell Your Company Now?,” *The Exit Planning Review*,” Issue 155.
- \_\_\_ I have questions about the Exit Planning Process. Please contact me.

Please provide your name and contact information so we can send you the information you've requested and provide you with the results of your Exit Planning Assessment.

Your Name \_\_\_\_\_ E-mail Address \_\_\_\_\_

Home Address \_\_\_\_\_

Phone Number You'd Like Us To Use \_\_\_\_\_

*(Many owners do not want Exit Planning information sent to their businesses.)*

*It's time to start working on your business,  
rather than in your business.*

**Ken Stiefler, CExP™**

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