

Why start exit planning now?



Welcome!

Presented by:

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What is
exit planning?



Why start exit
planning now?



5 steps to
get started

What is exit planning?





A proactive process

Identifies and addresses needs:

- Personal
- Financial
- Business

Helps an owner confidently exit a privately held company how and when they want.

Advantages of a comprehensive and effective strategy

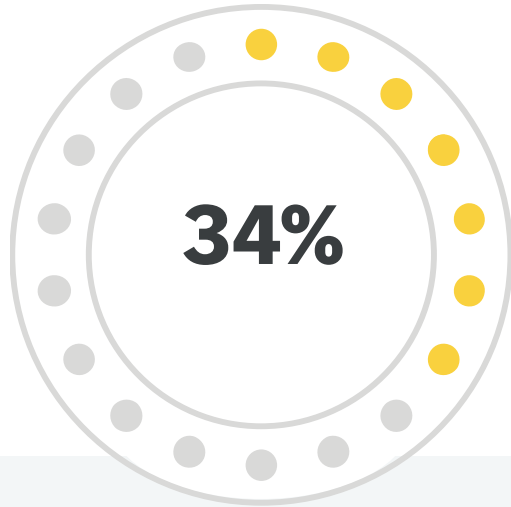
An effective exit plan will:

- Articulate your goals for the transaction — and life after the sale
- Define personal financial needs
- Identify and prepare a successor
- Highlight ways to increase the value and marketability of the business
- Address tax and legal considerations for a transfer of ownership or sale of business
- Provide contingency plans should the owner be forced to step away

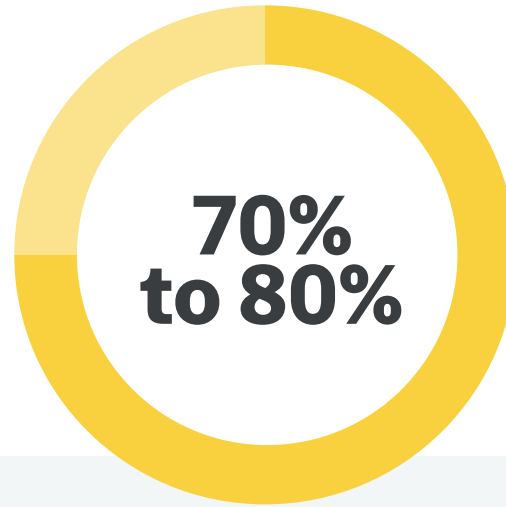


A photograph of a man and a woman sitting at a table, smiling and looking towards a third person whose back is to the camera. The man is wearing a light blue button-down shirt, and the woman is wearing a dark blue sleeveless top. A laptop is open on the table, and a coffee cup is visible in the foreground. The background shows a brick wall and large windows.

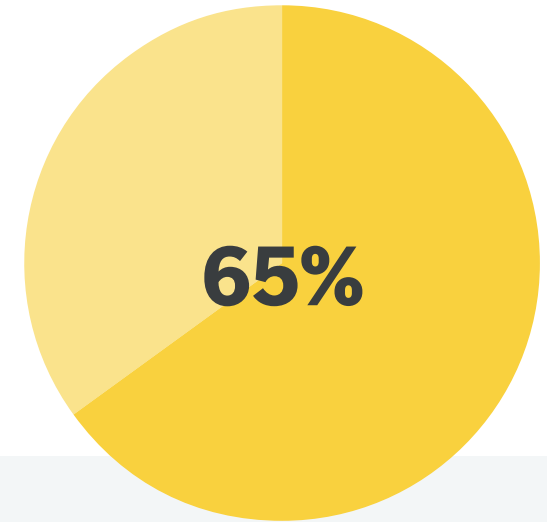
**Why start
exit planning
now?**



of a business owner's net worth is in their business.¹



of businesses put on the market don't sell.²



Only 35% of businesses survive 10 years after they open their doors.³

1 Small Business Administration Office of Advocacy – Small Business Facts, August 2021 (Brian Headd, Economist)

2 2024 Exit Readiness Report by Exit Planning Institute

3 “What Percentage of Small Businesses Fail? 2025 Data Reveals the Answer.” Commerce Institute citing U.S. Bureau of Labor Statistics (only 34.70% of business survive after 10 years).



Decisions made today could impact your ability to exit the business on your terms

Exit planning can:

- Inform business strategy
- Provide context for decision-making
- Offer the opportunity to improve the valuation of the business

Decisions made today could impact your ability to exit the business on your terms (cont.)

Your exit plan may have implications for:

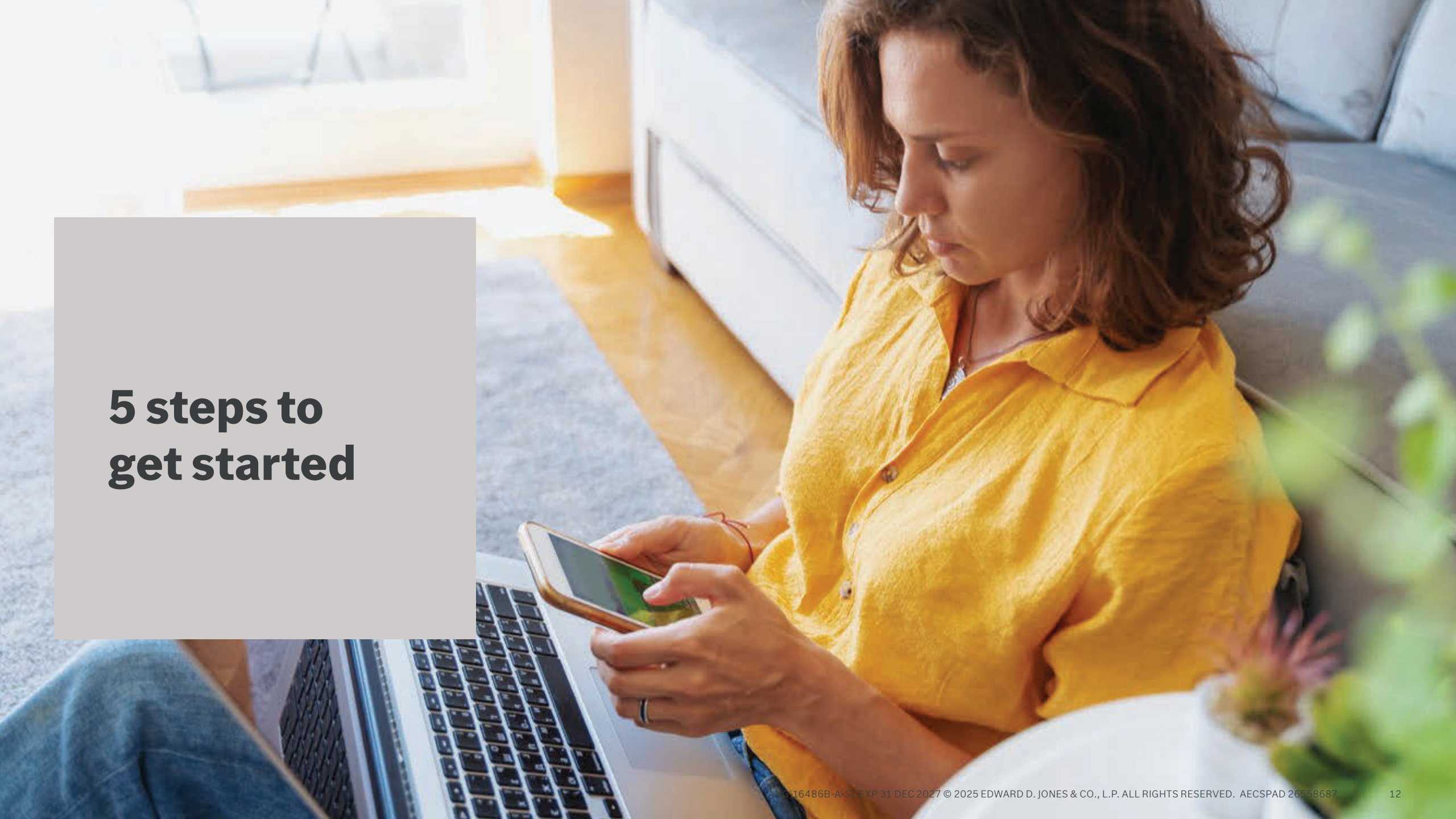
- Whom you hire as key employees
- How you invest in the business
- How you finance operations





Having an exit plan can help prepare you for the unexpected

- Helps you prepare for death, disability, disaster, divorce and disagreements among owners
- Helps you confidently evaluate an unsolicited offer



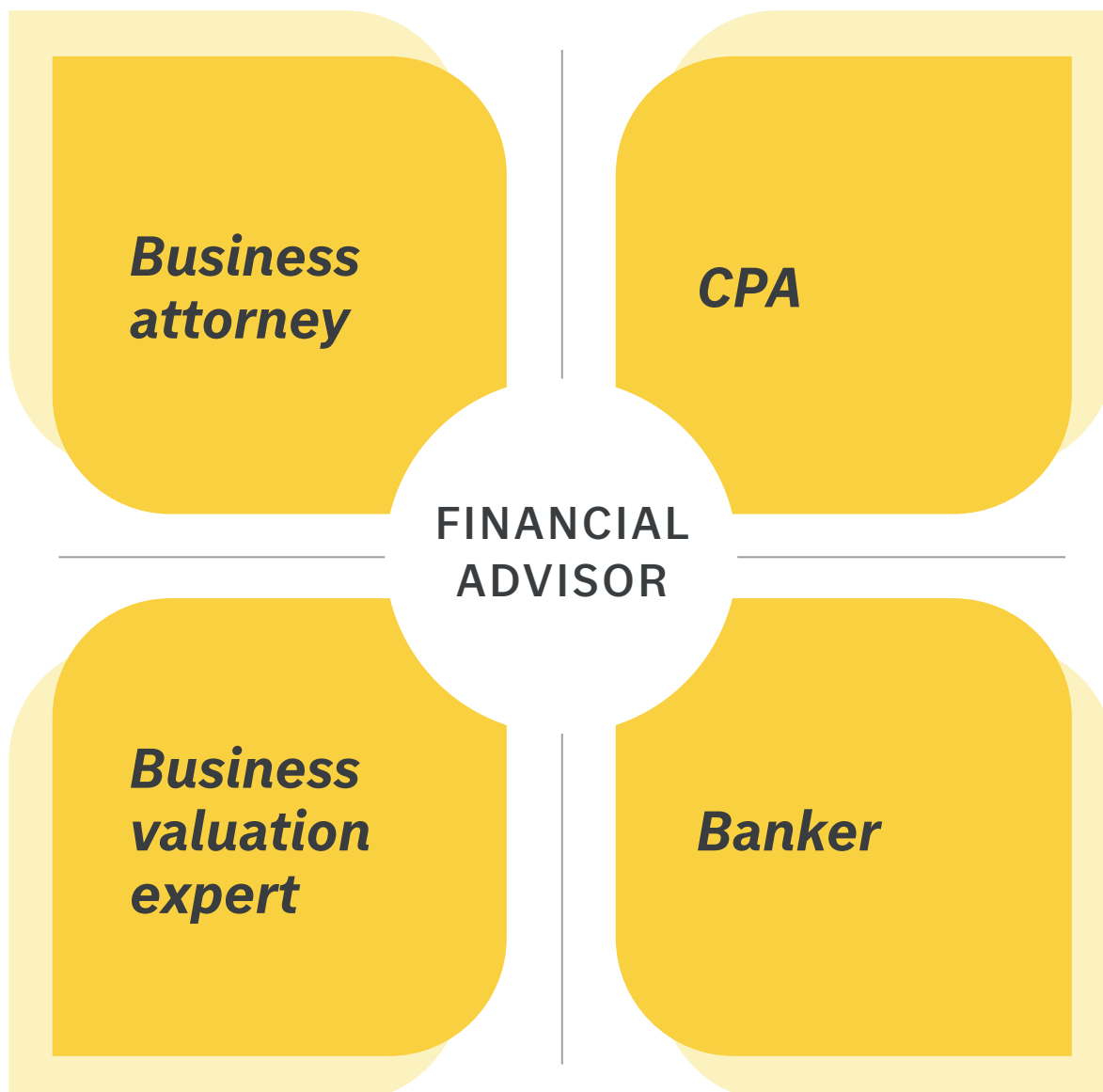
5 steps to get started

Step 1



Build a professional team with your financial advisor in a coordination role

Many business owners benefit by coordinating their needs to assemble a core group of professionals.



You can rely on the support of a financial advisor from start to finish

A financial advisor is with you during the planning, transaction, execution, and post-sale and can:

- **Help** you quantify and articulate goals
- **Communicate** goals across your professional team
- **Address** a wide breadth of financial needs

Enlist additional experts with specific knowledge and skills

As you get closer to a transaction, you may consider adding more specialized advisors, depending on the specifics of the transfer:

- Business broker or investment banker
- Specialty business or tax attorney
- ESOP advisor
- Family business advisor
- Business valuation expert



Step 2



Determine your individual wealth gap

Think about the lifestyle you aspire to have

Consider what you want life to look like:

- Traveling, golfing, fishing
- Consulting, working in the business, or buying or starting another business

A clear picture of life
after the business can
help ensure you are
personally **ready to step away**

Step 3



Understand what your business is worth

Get a clear idea of the valuation of your business

A calculation of value:

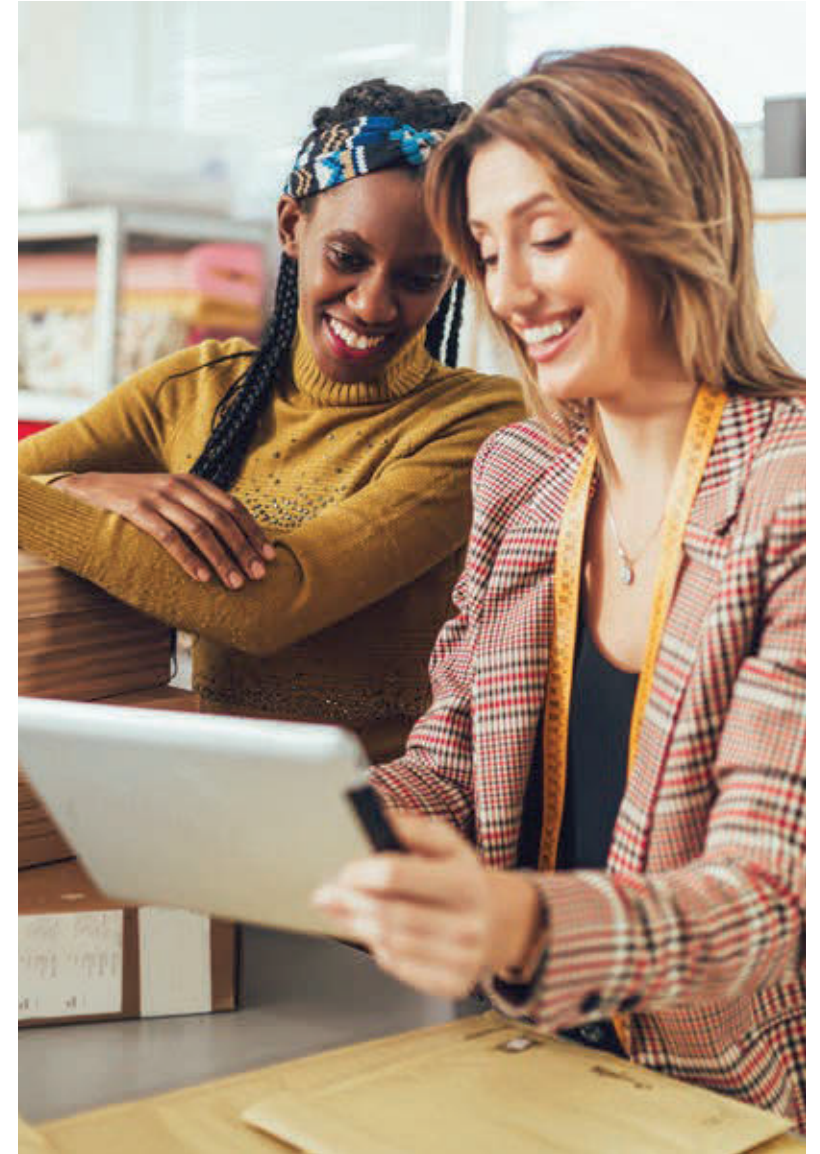
- Provides a range of reasonable valuations
- Is completed by a valuation expert
- Can be used to understand any gap between what you need (financially) from a buyer and what your business is currently worth
- Highlights opportunities to enhance the value of the business

Understand what your business is worth (cont.)

There may be benefits to conducting a calculation before and after the business has gone through material changes in ownership, legal structure or expansion.



A calculation of value does not meet the IRS standard for substantiating the value of a business when conducting certain transfers, including gifting, selling to a family member or for estate tax purposes. For these transfers, you need a qualified business appraisal. These are more costly and time-consuming.



Step 4



Develop a strategy to close the gap between steps 2 and 3

There are many options and ways to get there

Consider what you want life to look like:

- Working longer until age 67 FRA under Social Security
- Reassessing your spending needs
- Saving more for retirement outside of the business
- Looking for ways to increase the value of the business

Improve profitability by:

1

Increasing
market share

2

Introducing new
product lines

3

Increasing
prices

4

Reducing
costs



Improve the company's intangible value by strengthening:

- Depth and expertise of your personnel
- Systems, tools and processes that increase profitability
- Relationships with your customers

Step 5: Consider which of the following exit options best meet your goals

1. Internal transfer	2. External transfer	3. Liquidation
A sale/transfer to someone affiliated with the company, such as a family member, business partner or key employee	A sale/transfer to an unrelated third party	An unwinding of the business by selling individual assets to the highest bidder
Option tends to:		
• Net lower sales proceeds • Incur lower transaction costs because of buyer's familiarity with the business • Provide greater control over timing of your exit • Allow greater continuity for employees, clients and suppliers	• Net higher sales proceeds • Require longer and potentially more costly due diligence process • Provide less control over timing of your exit • Have greater potential for changes to business operations and culture	• Net significantly lower sales proceeds but raise cash quickly • Be most disruptive for employees, clients and suppliers given the dissolution of the business

**Any
Questions?**

Thank you for attending!

Please contact me with any questions
or to make an appointment.

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