



CPAs & ADVISORS

## EXIT PLANNING – THE KEY TO A SUCCESSFUL BUSINESS OWNER TRANSITION

Pat Ennis, CExP, CAP, CFP® | Founder

Walter H. Deyhle, CPA/ABV/CFF, MAFF, CExP™, CEPA | GRF Senior Tax Partner

[ennislp.com](http://ennislp.com)  
[www.grfcpa.com](http://www.grfcpa.com)

Gelman, Rosenberg & Freedman CPAs is now GRF CPAs & Advisors



Personal  
Service With  
Powerful  
Solutions

Please note our new address: 4550 Montgomery Avenue, Suite 800N, Bethesda, MD 20814

## HOUSEKEEPING: CPE CREDIT/TECHNICAL SUPPORT

- **Important:** Three (3) CPE words will be provided during the presentation. Please write them down – **we will not provide them again via GoToWebinar or email (no exceptions).**
- Please **complete the electronic survey** that will appear automatically at the end of the webinar.
- Attendees seeking CPE for this presentation must complete the survey and **enter all three CPE words**. You cannot claim CPE unless we receive a completed evaluation with the correct words.
- This presentation will be recorded and made available to download at [www.grfcpa.com/webinars](http://www.grfcpa.com/webinars).
- Technical questions about the survey can be addressed to Dominic Acosta at [dacosta@grfcpa.com](mailto:dacosta@grfcpa.com).

## HOUSEKEEPING: ADDITIONAL INFORMATION

<p><b>Learning Objective</b> To provide attendees with a better understanding of the six critical elements to successfully selling or transferring a business and come away with the knowledge to begin their own exit planning process.</p>	<p><b>Instructional Delivery Methods</b> Group Internet-based</p>
<p><b>Recommended CPE</b> 1.0 CPE Credit</p>	<p><b>Recommended Fields of Study</b> Specialized Knowledge</p>
<p><b>Prerequisites</b> None required</p>	<p><b>Advance Preparation</b> None</p>
<p><b>Program Level</b> Basic</p>	<p><b>Course Registration Requirements</b> None</p>
<p><b>Refund Policy</b> No fee is required to participate in this session.</p>	<p><b>Cancellation Policy</b> In the event that the presentation is cancelled or rescheduled, participants will be contacted immediately with details.</p>
<p align="center"><b>Complaint Resolution Policy</b> GRF CPAs &amp; Advisors is committed to our webinar participants' 100% satisfaction and will make every reasonable effort to resolve complaints as quickly as possible. Please contact <a href="mailto:kdavis@grfcpa.com">kdavis@grfcpa.com</a> with any concerns.</p>	
<p align="center"><b>Disclaimer</b> This webinar is not intended as, and should not be taken as, financial, tax, accounting, legal, consulting or any other type of advice. Readers and users of this webinar information are advised not to act upon this information without seeking the service of a professional accountant.</p>	

## COMMON CHARACTERISTICS OF A BUSINESS OWNER

Significant impact in serving employees, customers, vendors, community, and family through the business

Personal identity closely tied to the business...resulting in uncertainty about "life after the business, and procrastination

Business expected to play key role in "retirement planning"

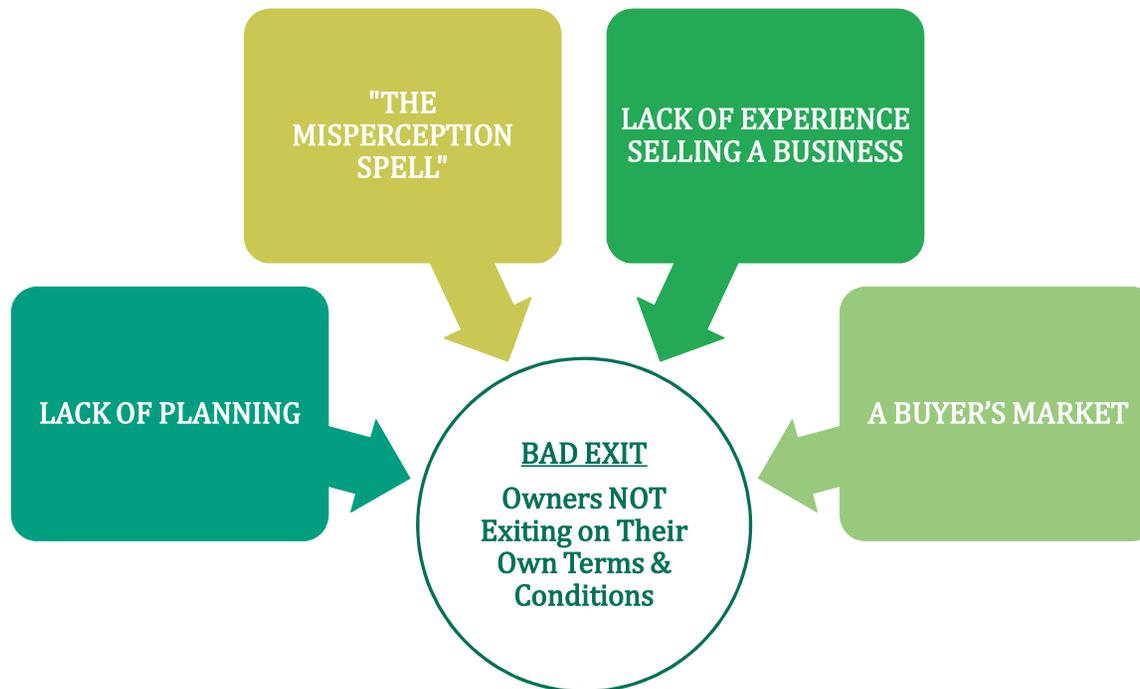
Often neglected by wealth management community as business is often largest asset...resulting in back of the envelope financial plan

Invest more time "working in the business than working on the business"...resulting in deficient strategic planning for growth and exit

100% of business owners will stop being business owners at some point

## THE PROBLEM...

Most Business Owners will not exit their businesses on their own terms and conditions with the \$\$\$\$ they expect, need or want...or realizing their value-based and legacy goals...due to...





**LACK OF PLANNING**  
is also a characteristic!

SOURCE: Business Enterprise Institute – Business Owner Survey 2016

## “THE MISPERCEPTION SPELL”

*“Unless you break The Misperception Spell, planning is worthless.”*

*“Goals and aspirations remain pipe dreams. Even worse, your misperceptions create complacency and inaction when you should be pedaling as fast as you can.”*

John Brown, EXIT PLANNING: THE DEFINITIVE GUIDE

John Brown highlights the following “*common misperceptions*” in his book...

---

The amount of income owners will need after they exit

---

The rate of return owners expect on invested assets

---

The value owners assign to their companies

---

The growth rate they predict for the business value and cash flow

---

The net proceeds owners expect from the sale of their companies

---

## Business Owners **LACK EXPERIENCE** in selling a business...

75%

Of Business Owners have NEVER  
TRIED TO SELL A BUSINESS

SOURCE: Business Enterprise Institute Business Owner Survey 2014

Strategic And Financial Buyers **HAVE**  
**MUCH EXPERIENCE** buying businesses  
– IT'S WHAT THEY DO!



**80% BUSINESSES WILL NOT SELL**

**Most Business Owners will not be able to sell and retire from their business.**

**MORE SELLERS THAN BUYERS**

**Two-thirds of the approximate 6 million privately held operating companies are owned by retiring baby boomers.**

**76% BUSINESS OWNERS INDICATED THEY WOULD LIKE TO TRANSITION IN THE NEXT 10 YEARS**

**48% Indicated they would like to transition in next five years.**

**A BUYER'S MARKET**

## What's at Stake?

### A Bad Exit From Your Business Can Result In...

---

Personal and Family Financial Hardship

---

Post-Exit Financial & Values-based Goals Unrealized

---

Big Tax Bills

---

Minimum Sale Price

---

Lack of Control (i.e., forced owner earn-out)

---

Lack Of Family Harmony

---

Company Culture Destroyed

---

Key Employee(s) Departure

---

Forced Liquidation For Value Of Assets

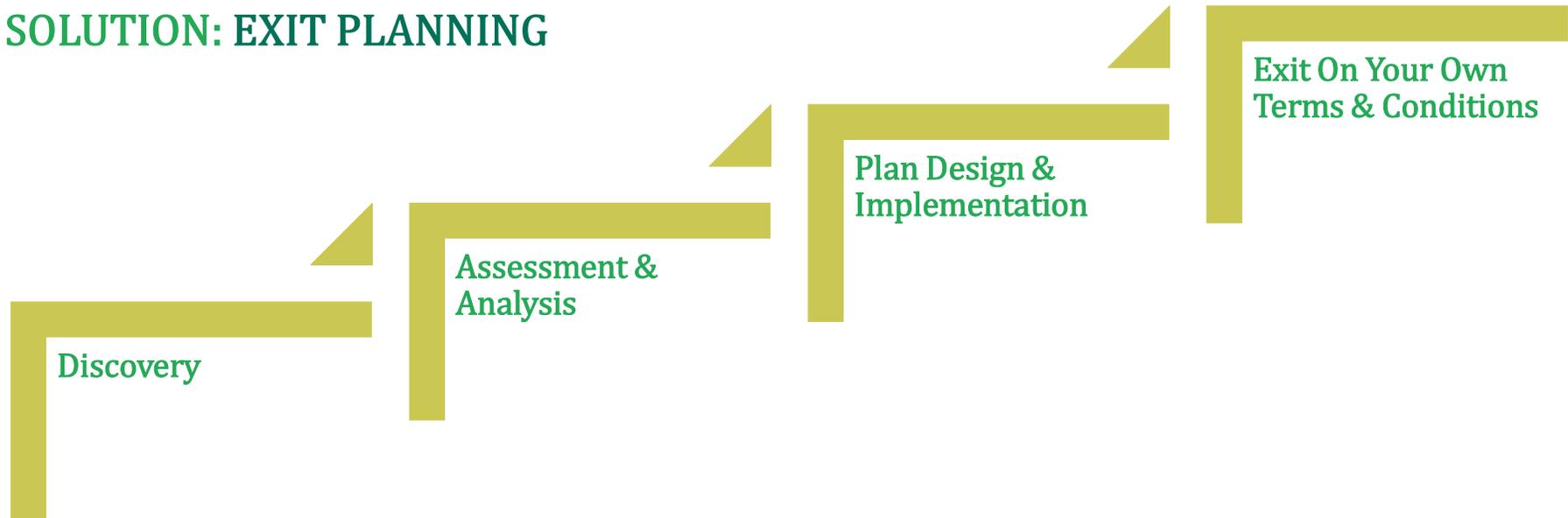
---

Do you have a written exit plan?

- A. Yes
- B. No but have thought about getting one
- C. No and have not thought about it

**POLLING QUESTION #1**

## SOLUTION: EXIT PLANNING



*“Exit Planning is a process that results in the creation and execution of a strategy allowing business owners to exit their businesses on their terms and conditions. It is an established process that creates a written road map, or Exit Plan, often involving efforts of several professionals, facilitated and led by an Exit Planning Advisor who ensures not only the plan creation, but its timely execution.”*

– John H. Brown, Author *How To Run Your Business So You Can Leave It In Style*

# CRITICAL ELEMENT #1: CLEAR GOALS & OBJECTIVES

## UNIVERSAL GOALS

**How much \$\$\$ will you need / want when you leave your business?**

- *How much money will we WANT to live a financially comfortable and long post-exit life?*

**Target Departure: When do you want to exit?**

- *How much longer will I need to work to achieve my financial goals?*
- *How long will it take to transfer the company to insiders?*
- *How long will it take to build value that a buyer will want?*

**Target Successor: To whom do you want to transfer the business?**

- *Insiders?*
- *Family Members?*
- *Third Party?*
- *ESOP?*

## VALUES-BASED / LEGACY GOALS

**Family Harmony**

**Owner Legacy**

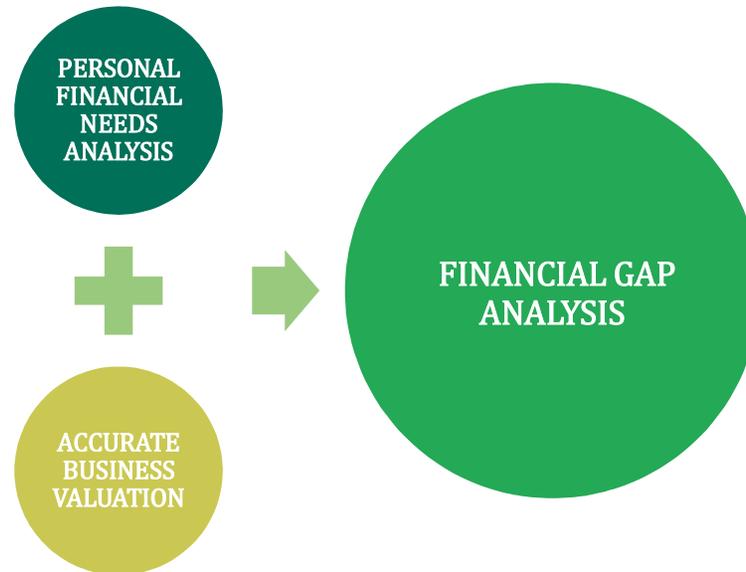
**Care for Employees**

**Minimizing Taxes**

**Maintaining Business Culture**

**Community Involvement**

**Charitable Interests**



**CRITICAL ELEMENT #2**



## BUILD SELLABLE VALUE

- Cash Flow
- Strong Management Team
- Recurring Revenue
- Proven Growth Strategy
- Operating & Human Resource Systems
- Scalability
- Competitive Advantage
- Strategic Financial Plan & Financial Controls

CRITICAL  
ELEMENT #3

*"It is an established process (EXIT PLANNING) that creates a written road map, or Exit Plan, often involving efforts of several professionals, facilitated and led by an Exit Planning Advisor who ensures not only the plan creation, but its timely execution."*

*- John Brown, Business Enterprise Institute*

## CRITICAL ELEMENT #4

### EXPERIENCED TEAM OF ADVISORS

Wealth Advisor

Private Banker

CPA

Business Attorney

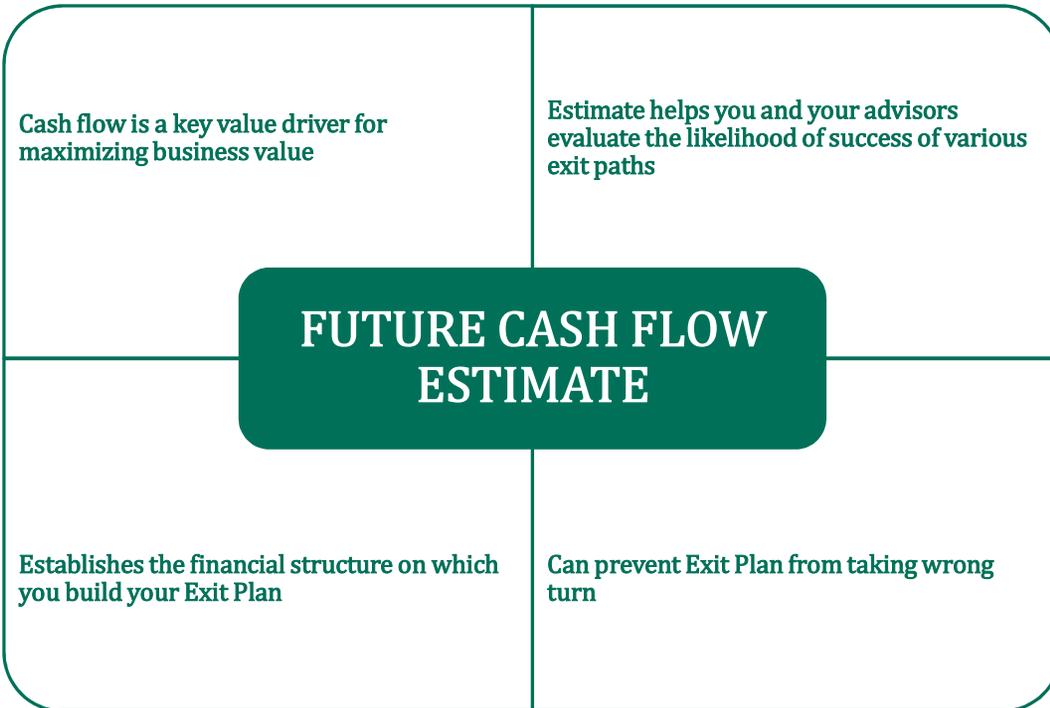
Estate Planning Attorney

Transaction Intermediary

Business Consultant

Exit Planner

Insurance Professional



**CRITICAL  
ELEMENT #5**

# CRITICAL ELEMENT #6: TIME

Discovery | Assessment | Design | Implementation



*"I can almost guarantee that it will take far longer to prepare and implement your successful exit strategy than you expect. Only a few businesses (I calculate 200,000 out of 7,000,000) are capable of being transferred today in a manner that achieves the Owner's goals and objectives."*

-- John Brown, EXIT PLANNING: THE DEFINITIVE GUIDE

Do you have a current business valuation and financial gap analysis?

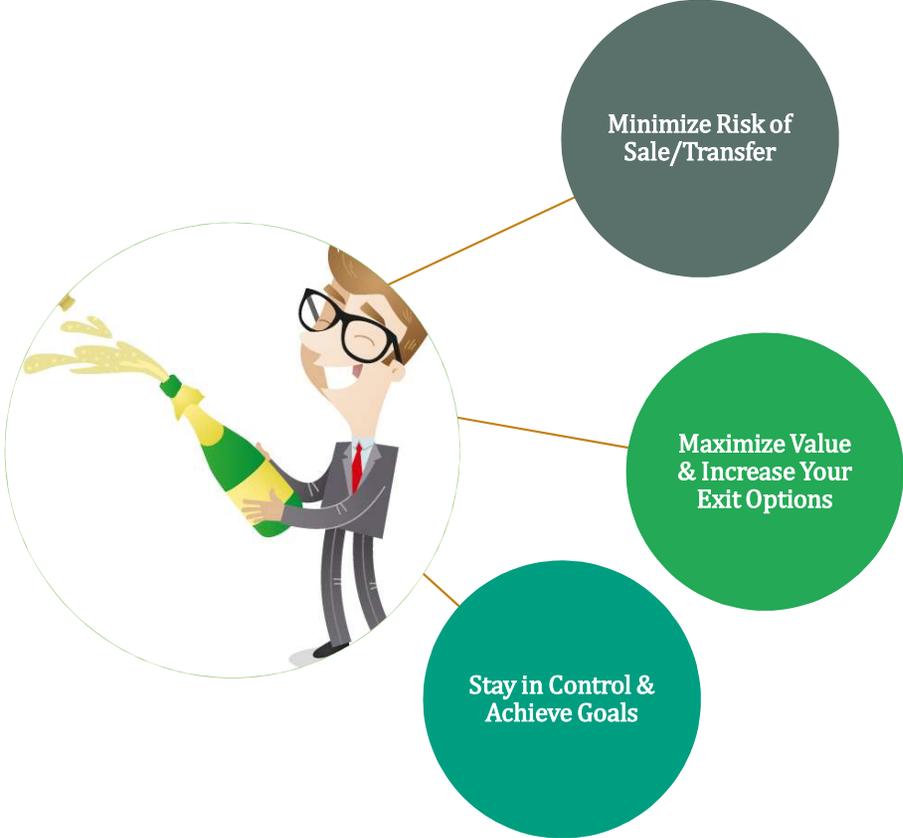
- A. I have neither
- B. I have a business valuation only
- C. I have both

**POLLING QUESTION #2**

## YOU WILL NEED A PROCESS



# BENEFITS OF EXIT PLANNING



Which of the following value drivers do you need to strengthen?

- A. Financial performance
- B. Management team
- C. Competitive advantage
- D. Proven growth strategy

**POLLING QUESTION #3**

**Enjoy Life In The  
Business.**

**Plan For Life After The  
Business.**

## SUMMARY

### Action Steps

CLARIFY AND ESTABLISH EXIT GOALS

PERFORM A FINANCIAL GAP ANALYSIS

ASSESS YOUR PERSONAL AND BUSINESS READINESS FOR  
EXIT

CREATE YOUR NEEDED ADVISOR TEAM

ESTIMATE FUTURE CASH FLOW

START PLANNING NOW

CONTACT US

## Q & A

### CONTACT INFORMATION

Pat Ennis | [pat@ennislpc.com](mailto:pat@ennislpc.com)

301.859.0860 | [ennislpc.com](http://ennislpc.com)

Walter H. Deyhle | [wdeyhle@grfcpa.com](mailto:wdeyhle@grfcpa.com)

301-951-9090 | [www.grfcpa.com](http://www.grfcpa.com)

## Disclaimer

This webinar is not intended as, and should not be taken as, financial, tax, accounting, legal, consulting or any other type of advice. While we use reasonable efforts to furnish accurate and up-to-date information, we do not warrant that any information contained in or made available in this webinar is accurate, complete, reliable, current or error-free. We assume no liability or responsibility for any errors or omissions in the content of this webinar.

The use of the information provided in this webinar does not establish any contractual or other form of client engagement between GRF CPAs & Advisors, ENNIS Legacy Partners and the reader or user. Any U.S. federal tax advice contained in this webinar is not intended to be used for the purpose of avoiding penalties under U.S. federal tax law. Readers and users of this webinar information are advised not to act upon this information without seeking the service of a professional accountant.



## PAT ENNIS, CExP, CAP, CFP®

Pat is the Founder of ENNIS Legacy Partners and has decades of successful leadership and consulting experience in both the for-profit and non-profit sectors. Prior to founding ELP, his most recent leadership and advisory roles in the financial services industry were with Sentinel Wealth Management and Fidelity Investments. As a Certified Exit Planner (CExP™), Certified Financial Planner®, Chartered Advisor of Philanthropy (CAP®) and Certified Value Builder™ there is broad understanding and knowledge of financial, philanthropic and estate planning, as well as business leadership and management challenges faced by Business Owners. With this unique blend of knowledge and experience, and a passion and vision for serving Business Owners, Pat is especially equipped to help facilitate a successful Business Owner exit. For additional employment information visit Pat's LinkedIn profile.

Pat has served on various non-profit boards including Advisors in Philanthropy DC, Peacemaker Ministries, Montgomery County Fellowship of Christian Athletes, and the Razoo Foundation. He and his wife Charlotte have three children, live in Gaithersburg, MD, and attend Covenant Life Church.

[ennislp.com](http://ennislp.com)



## WALTER H. DEYHLE, CPA/ABV/CFE, MAFF, CExP™, CEPA

Mr. Deyhle provides tax preparation and planning, business valuation, forensic analysis and exit planning consulting to the firm's clients including individuals, government contractors, international financial holding companies, wholesale distribution companies, retail stores, professional practices, consulting firms and partnerships owning real property. He and his team are skilled at addressing particularly complex tax issues with clients concerning investments, estate and gift taxes as well as consulting for mergers, acquisitions, liquidations and reorganizations, divorce settlements and litigation, public offerings and buy-sell agreements.

Mr. Deyhle is the founder and director of the firm's Business Valuation and Litigation Support Group. He has been involved in the business valuation and litigation support process for over 25 years utilizing his expertise for divorce and corporate litigation, estate and gift tax planning, and economic damage analysis. He has valued many types of businesses including government contractors, international financial holding companies, wholesale distribution companies, retail stores, professional practices, consulting firms, medical practices and partnerships owning real property. Mr. Deyhle has testified as an expert in business valuation in Montgomery and Anne Arundel Counties in Maryland and in Fredericksburg, Virginia.

In the forensic accounting arena, Mr. Deyhle has conducted forensic examinations of employee embezzlement, misappropriation of funds by partners, and reconstruction of income for divorce litigation and insurance claims. He has testified as an expert in forensic accounting in Howard and Montgomery Counties in Maryland.



Maryland | DC | New York  
877-437-4771 | [www.grfcpa.com](http://www.grfcpa.com)

**CPAs & ADVISORS**