

## Exit Strategy Planning for Private Business Owners

The key to achieving the best possible results in exiting a business comes from proper planning and execution. Below we have segregated different questions which need to be considered by owners in developing a plan. While each company is unique, the planning fundamentals are generally the same across all industries and the appropriate plan and options for each business will be contingent on the objectives to be achieved, the nature of the company and timing.

### About the Owner - Owner Objectives

- A. What is your timeline as to when the owner would hope to exit the business?
- B. Does the owner plan to retire at that time or would the owner be receptive to continuing in some capacity for a period of time?
- C. Does the owner know what value will need to be realized for the business in order to accomplish the owner's personal financial objectives?
- D. Is the owner's primary objective (1) achieving the highest value for the company, (2) seeing the business continue as an independent company, (3) ensuring that the employees and their jobs are all preserved, or (4) something else?

### About Outside Advisors - To the Owner and Company

- A. Does the company utilize a reputable accounting firm with resources to assist in due diligence, tax analysis and in planning?
- B. Is the company's corporate counsel versed in corporate sales transactions, documentation and negotiations?
- C. Does the owner have a trusted personal financial advisor capable of analyzing future financial needs and in performing a detailed financial plan based on projected outcomes?
- D. Does the company have a functional advisory board?

### About the Business - What is it really Worth and to Whom - It's Strengths, Weaknesses, Opportunities and Threats (S.W.O.T.)

- A. Is the business in an industry that is growing, fragmented and in favor with a positive future outlook?
- B. What is the size of the industry and nature of the competitors?
- C. Does the company have any unique attributes which provide it with competitive advantages (i.e. intellectual property, patents, trademarks, high cost barriers to entry, highly skilled work force, etc.) and margin integrity?
- D. Is there breadth and depth in the management team without having reliance on any one or two key individuals for the success of the company?
- E. Does the company have its own in-house sales and marketing?
- F. Are its operating systems, financial reporting systems and contact management systems current and competitive?
- G. Are there any customer concentrations or key critical vendor relations?
- H. How predictable is the future income stream?
- I. Are there clear and distinct opportunities for future growth?
- J. Does the company have any excess capacity?
- K. Is the work force stable and seasoned?

- L. Are there things that could be accomplished at the company, which would be accretive to value, which need to be completed or in progress prior to going to market?

### **About the Financial Results - How has the Company Performed and Quality of Information**

- A. Does the company have audited, reviewed compiled financials?
- B. Does the company produce timely, GAAP based and accurate financial reports?
- C. Does the company prepare annual detailed budgets and forecasts?
- D. Has the company's performance been trending positively on a consistent basis?
- E. Do the company's financials have non-operating related expenses or income which will require explanation?
- F. Has CAPEX spending been consistent with keeping the company competitive?

### **About Current Market Conditions**

- A. What is the current state of the economy?
- B. Where are we in the economic cycle?
- C. How aggressive are the current debt and equity capital markets?
- D. What is the state of the current public markets?
- E. How strong is U.S. currency and what are the current exchange rates?
- F. Is there an abundance of existing capital looking to invest in or acquire private businesses?
- G. Are there any pending legislative acts which may influence value or liquidity from a transaction (i.e. proposed tax rate increases or decreases, changes in health care mandates, employee pay rates, etc.)?
- H. How active is the current M&A market?

**Windward Advisors, LLC** – With over 50 years of having represented private business owners, with each having their own unique set of circumstances and objectives, the principals of Windward Advisors (Windward) help in assessing and providing recommendations for alternatives and options to owners based on their specific goals. Windward can design strategies to achieve the most desirable results and can lead transactions through disciplined processes to conclusion. Whether plans call for an immediate exit, or if planning for some future event, the answers to the questions outlined above provide a foundation which can be used in everyday business operations and strategic planning in order to maximize current and future value.

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