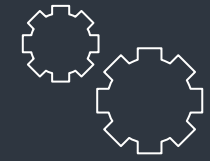


The Power of Exit Planning and Value Enhancement

LAYING CLAIM TO THE VALUE IN YOUR BUSINESS, IN GOOD TIMES AND BAD

Baby Boomers own approximately 65% of the private businesses in the United States. 40% of Boomer business owners report that they plan to sell their businesses in the next five years, and 80% plan to sell within ten years. During that decade, an astonishing \$10 trillion will change hands and create a great deal of personal liquidity in a relatively short period – the largest transfer of private wealth in history. **Yet, only 1 out of 10 business owners have a formal exit plan.** With so much at stake, why do otherwise savvy

entrepreneurs risk their financial security? It's probably emotional—confronting business succession issues can be overwhelming, especially for self-reliant Boomers. Lacking a clear plan, some owners indefinitely delay important decisions about business transition—but waiting too long can extinguish value and cause extreme financial stress. Certified Exit Planning Advisors like **FortunatoHutchinson** can help manage the risks of transition, unlock value in your business, and deliver peace-of-mind.



WHAT IS AN EXIT PLAN?

A comprehensive blueprint for successfully exiting a privately-held business. An exit plan asks and answers all the business, personal, financial, legal, and tax questions involved in selling a privately-owned business. Its purpose is to maximize the value of the business, minimize taxes, and ensure that the business owner accomplishes his personal and financial goals.

WORKING WITH A CERTIFIED EXIT PLANNING ADVISOR (CEPA) IS GOOD BUSINESS...

Certified Exit Planning Advisors are the only professionals trained in exit planning for privately-held businesses. Our process is structured, efficient, and comprehensive. There are no sudden handoffs to other professionals or confusing, contradictory advice. We stay with you through the entire process and quarterback the multi-disciplinary team that it takes for you to exit successfully on your terms.

EVEN IF YOU DON'T WANT TO TRANSITION NOW, YOU SHOULD BE PLANNING...

The average exit—including planning, value enhancement and sale or transfer—takes 3 to 5 years to complete. Shortcuts drain value out of your business and impact net proceeds. Getting an early start preserves value, creates opportunity, and allows you to exit on your terms.

WHAT'S IN AN EXIT PLAN?

- CONCISE SUMMARIES OF KEY INFORMATION AND DATA
- BUSINESS VALUE CALCULATIONS
- EXIT OPTION, PRICING, AND DEAL STRUCTURE SCENARIOS SPECIFIC TO YOUR BUSINESS
- PERSONAL FINANCIAL PLAN AND ANALYSIS
- VALUE ENHANCEMENT ANALYSIS AND RECOMMENDATIONS
- TAX LIABILITY ANALYSIS
- TAX MANAGEMENT RECOMMENDATIONS
- PERSONAL AND BUSINESS ACTION PLANS
- CONTINGENCY INSTRUCTIONS TO FAMILY, SHAREHOLDER PARTNERS, AND MANAGEMENT

Take control of your biggest asset

IT'S A FACT: RUSHED UNPLANNED OWNERSHIP TRANSITIONS LEAVE MONEY ON THE TABLE.

SURVIVING THE BOOMER "AGE WAVE"

The Boomer Age Wave is like a bowling ball moving through a snake. Extraordinary demographic events cause market distortions—in this case, the supply of businesses on the market at any time over the next 5-10 years will very likely outstrip demand. We expect between 450,000 and 500,000 businesses to be in transition during each of the peak years (2012 through 2015). What does all this mean for you?

- **Great businesses get noticed.** Good businesses may be overlooked in a crowded market. You need to focus on creating "acquisition attractiveness."
- **Buyer expectations for performance will elevate.** You need to actively enhance value in operations, systems, financial management and people.
- **Buyers may dictate the timing of your exit.** You may not have total control. Readiness is critical.
- **In a buyer's market, due diligence and contractual demands on the seller intensify.** You need to actively manage business risk.
- **The difference between security and obscurity may be razor thin.** A well-planned exit strategy and pre-sale value enhancement program can protect the value you've worked so hard to build.

STRATEGY and PLANNING = WEALTH

We find that many business owners are unfamiliar with the complete spectrum of available exit options. Disciplined strategy and thorough planning give you the knowledge you need to create flexibility and strengthen your negotiating position. We guide you through the advantages and challenges associated with each of the options, and help you understand how different exit pathways and deal structures affect business value and the timing and amount of net proceeds paid to you. Our planning is designed to be efficient, absolutely confidential, and non-invasive so you can continue to focus on your business during the process.



SEVEN EXIT OPTIONS FOR PRIVATELY-HELD BUSINESSES

- Intergenerational transfer
- Sell to partners (normally through a buy/sell agreement)
- Sell to Management (MBO) – unleveraged and leveraged
- Sell to employees (through an Employee Stock Option Plan)
- Sell to a third-party
- Recapitalize and/or refinance for growth
- Planned and orderly liquidation of assets – partial or full

