

APPENDIX 1 – Sample End Game Plan

Personal Drivers

My motivation for selling my business is simple. I started my business 25 years ago and have never done anything else. My business has grown to over \$20 million in revenue, but it is getting harder and harder to grow the business. A close friend of mine is starting a business in another industry and has asked me to join him. I am excited about the prospects of working in a start-up business and working with my friend.

The net proceeds from the sale of the business, when combined with the monies that I have been able to put aside in the company's 401k and profit-sharing plan should be more than enough to fund my family's lifestyle, even if this new venture is not successful.

My Responsibilities

My second priority is to take care of my long-term and loyal management team of 3 people. I intend to distribute 20% of the company's sale proceeds to them. I will also look to see if I can find a buyer that needs and wants to retain my current management team. But my priority is to maximize the proceeds from the sale of the company.

Business Valuation

I have selected an M&A transaction advisor with which to work. As part of our initial discussion, they provided me with a range of values for the business. Since we are not going to sell the company for 2 years, this provides me with time to reduce expenses and increase reported profits, which should result in an even higher valuation.

Financial Planning

Four years ago, I started working with a wealth management company. My wife and I have gone through their comprehensive planning process, and they have developed a forecast of future cash flows that should be generated from our investments and the expected net proceeds from the sale of our business. The result of their planning model shows a high probability of having enough money to fund our planned lifestyle. And if the new venture is successful, that will generate an additional income stream and potentially provide additional cash from the sale of that business.

We don't have any children, so planning for their financial future is not part of our financial planning. I have an older sister who is dealing with dementia. If I can provide donations to non-profits that work in that area, that would be nice.

Exit Options

My plan is to sell the company outright to another company, a private equity group or a family office.

Exit Timing and Business Readiness

I am ready to sell now, but also want to make sure that I maximize the enterprise value before I sell. I am working with a growth specialist and exit planning advisor. We have established a 2-year timeline before I take the company to market through my M&A advisor. This time will be spent

creating documented procedures and transferring some of the customer and supplier relationships that I have to my management team. One of the key areas of focus is documenting our marketing and sales process. This includes implementing a better CRM system. We are even looking at implementing some AI applications to reduce costs.

Personal Readiness

I am ready to exit as planned, if I can secure the expected sales price. I want to minimize any commitment to stay on with the company after the sale, because I want to move on quickly to my next project. At most, I would be willing to stay on as a part-time consultant.

Tax Planning

With the size of my net worth, including the expected Net Proceeds from the sale of the business, I will not likely be facing estate tax issues. I will have to pay capital gains tax on the sale of the business. I have worked with my accountant, and he has estimated the amount of capital gains tax that will be due and I have included that in my net proceeds calculation. I might consider a strategy to reduce or delay payment of these taxes, but I am leaning towards just paying the tax and moving on.

My Advisory Team

My accountant is with a respected and capable regional accounting firm. I will need to bring in an experienced business sale transactional attorney. I already have a good wealth management company, an M&A firm, and a growth and exit planning advisor. I plan to engage a trust and estate attorney to see if there is an advantage of setting up a trust for my wife.

What Will My Life Look Like After I Exit?

My focus will be on making this new company successful. My wife is still working in a job that she loves, so I can dedicate my time with the new company. We plan on retiring in 10 years. After that we have identified that we are going to move to a state with no income taxes. When we go on vacation, we often visit different states and different cities to narrow down this choice.

When Should I Start Planning?

I have already started planning and have a timeline for my exit.

What About My Company Would be Attractive to Potential Buyers?

My company is a recognized leader in our industry. We estimate that we have a 15% market share. We have an excellent management team and a good reputation with our customers. The cost to enter this market is fairly high, so purchasing our company is a better strategy than for someone else to enter this market from scratch. We also have a patent on one of our products and have licensed it use to one other company. We estimate that 30% of our business would be consider recurring revenue.

What Is My High-level Timeline?

Planned Actions - Business	Timing
Create a written exit plan	90 days
Meet with Estate Planning Firms	180 days
Prepare the company for sale	2 years
Market the company	3 months
Find a buyer and negotiate a deal	3 months
Sell the company	3 years total time
Planned Actions - Personal	Timing
Conduct more research on our ultimate retirement location	2 years
Start working with my friend's company	3 years