



Succession & Business Exit Planning: *“Creating a Simplified Exit Plan”*

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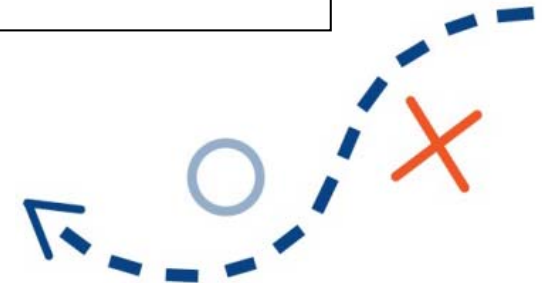
April 2014 RetailerNOW Magazine

“How *NOT* to handle
the transition of
your family business.”

-- by David Wimer



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Succession & Exit Planning Defined:

Succession Planning – identifies and fosters the Next Generation of leader through mentoring, education and stretch assignments, so they are ready to take on a key leadership position.

Exit Planning – anticipates the eventual departure of the entrepreneur, *by choice or by chance*, with an understanding of the significant effects of value, taxes, risk, succession, legalities and protection.

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5 Key Reasons that Owners Plan:

1. Transition by Choice, not Chance
2. Use Time as Ally & Maximize Value
3. Mitigate Risks & Know Tradeoffs
4. Emotional Positivity & Confidence
5. Protection from Sudden Exit Crises

“A failure to prepare is preparing to fail.”

– John Wooden, former UCLA
Basketball Coach & Educator

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Who Benefits from Exit Planning?

- YOU
- Family Members
- Key Stakeholders
- Multi-Generation
- Community

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Why 80% of Owners Fail To Exit Plan:

- ✓ **Process** is complex
- ✓ **Time** to do it right
- ✓ **Belief** that it does not apply
- ✓ **Uncomfortable** with reality
- ✓ **Fear** of cost
- ✓ **Rationalize** things change anyway
- ✓ **Casually accept risks** of day-to-day
- ✓ **Discount** the future

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Planning Scope Determines Complexity

<i>Comprehensive Exit Planning Matrix</i>				
<i>Key Professionals & Expertise</i>				
CPA	Attorney	Financial Planner	Insurance Broker	Business Advisor / IB
Valuation	Estate	Wealth	Healthcare	Market Price
Depreciation Recapture	Transactional Structure	Insurance Coverage	Property & Casualty	Forecasting
Tax	Agreements	Personal	EPLI	Finance
Reporting	Benefits	Business	LT Care	Strategy
Profitability	Governance	Investments	Disability	Operations
<i>www.davidwimer.com Advisory Hotline: 1-844-269-7700 © 2014 David Wimer</i>				

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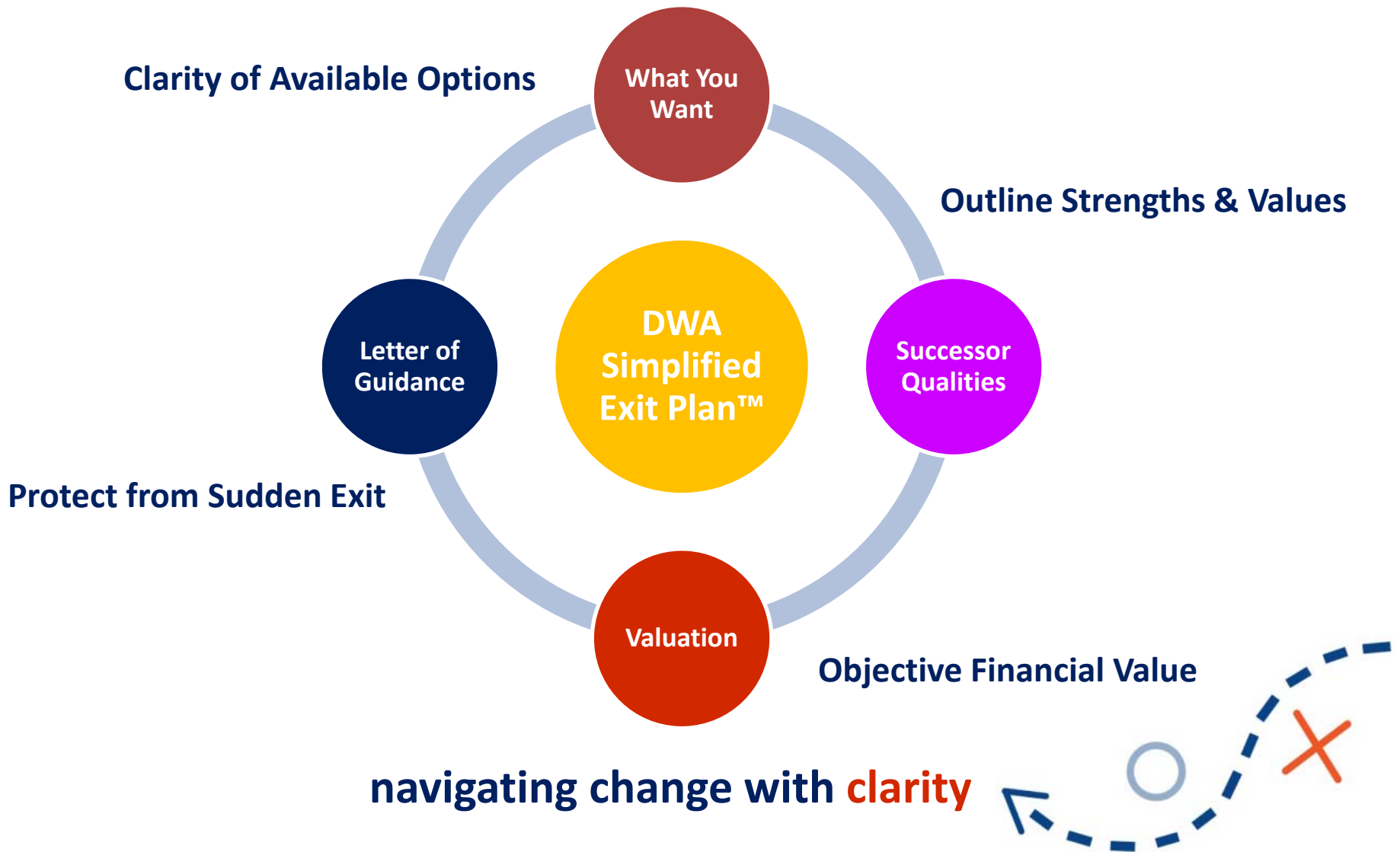
Can We Get Value from Less Complexity, Saving Time & Money?

- Core of a Comprehensive Plan
- Get you started before it's too late
- Engage you in “value enhancement”
- Protection from impacts in a Sudden Exit

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The DWA Simplified Exit Plan™



Simplified for Practical Use

1. Outlines Options for “What You Want”
2. Defines Essential Successor Qualities
3. Relies on a Valuation and/or Concentration on Cash Flow
4. Creates a Letter of Guidance to Keep Safe & Update

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What You
Want

Step 1. Potential Options & Paths

- Successor Possibilities – Family Member, Key Employee, Hired Exec, 3rd Party, Partners, Passive Equity, Non-Geographic Competitor
- Options Depend on Business Value
- How You Get Paid and For How Long
- Lifestyle Considerations

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Step 2. It Takes More Than Skill

- Skill Sets - Capabilities
- Leadership - Innate Strengths
- Community Involvement
- Industry Relationships
- Respected Business Builder

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Step 3. Places Value in Perspective

- Objective View, Formal or Informal
- Purpose Dependent
- Multi-Year Growth Guide
- Performance Indicator - Balances Expectation, Risk & Future
- Sets Goals for Organization

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Step 4. Your Guidance Protects Everyone

- Professional Contact Info
- Interim Leadership Guidance
- Financial Info at Fingertips
- Critical Documents in Place
- Includes Family & Spouse

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[On Your Business Letterhead]

Revised: [Date]

Letter of Guidance

This Letter of Guidance is a CONFIDENTIAL document to be used only in an Emergency.

Dear [Name of Colleague, Spouse, Family Member],

Here are the contact persons and critical items that you may need to operate the business in my absence or untimely death, incapacitation or disability:

1. Corporate Attorney (include Estate Attorney and Tax Attorney)
2. Safety Deposit Box Locations, Key and Numbers
3. CPA Contact Name & Firm for the Business (Corporate Taxes)
4. CPA Contact Name & Firm for Personal Taxes (if different than Business)
5. Insurance Brokerage Contacts & Policies in force with Beneficiaries of each.
6. Banking Contacts, Account Numbers and Personal Financial Statement
7. Financial Planner / Wealth Advisor and Brokerage Accounts
8. Here is the person I would recommend as Interim Leader in my absence of the Company.

Our Business Advisor is: _____ [Tel & Email]

The President of our Advisory Board is: _____ [Tel & Email]

9. Location of any Trust Documents, Buy/Sell Agreements, Partnership Agreements, Operating Agreements, Living Wills, Durable Power of Attorney, or any other critical contractual agreements or supporting documents.
10. Location of any real property, or business investments including deeds and titles; any valuations.
11. Personal Financial Statement.
12. Any electronic Log-on ID's and Passwords for my PC/Laptop and above items.
13. My Executive Assistant can be reached at: _____

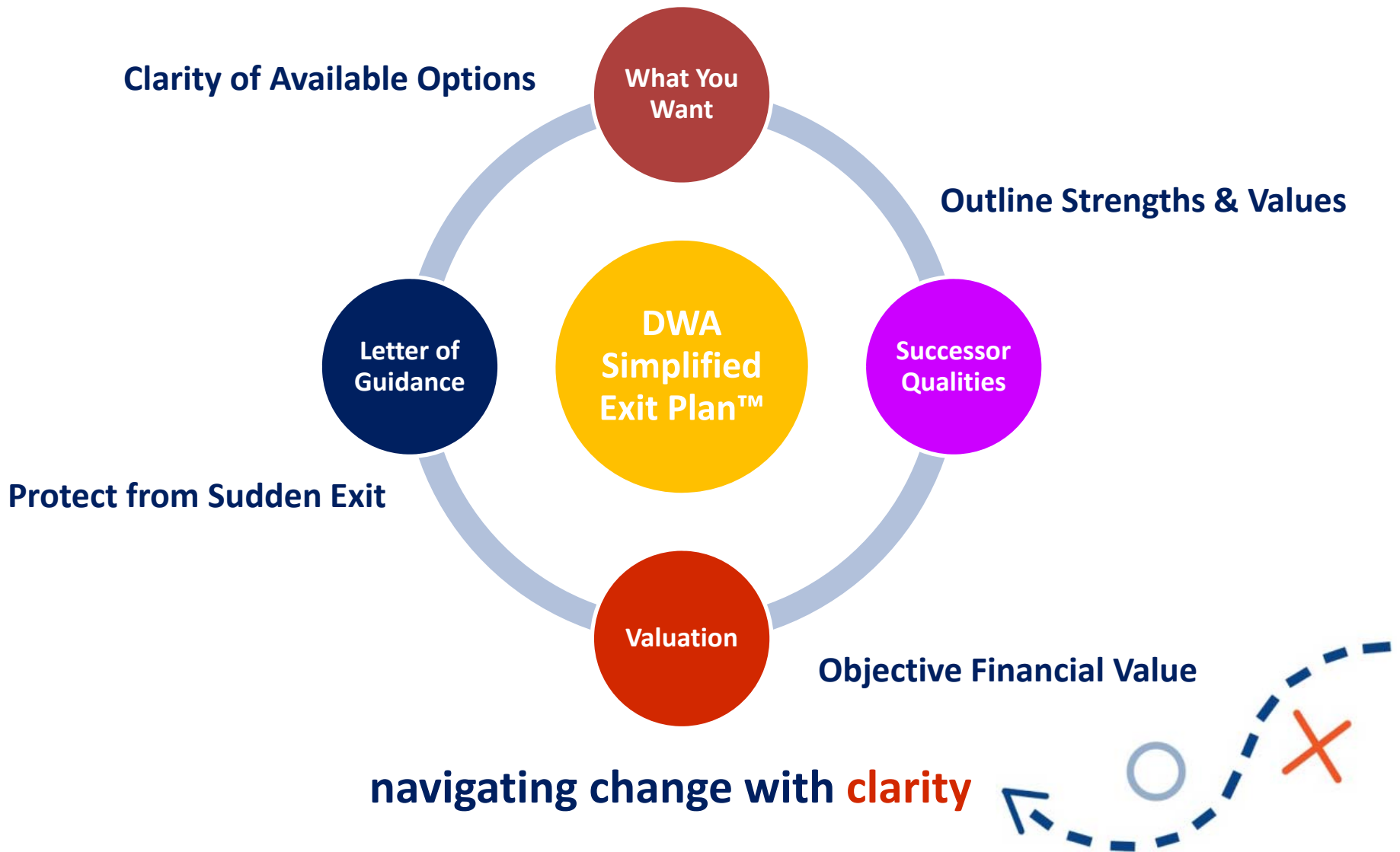
Very truly yours,

Signed By: _____ Witness: _____

Print Name: _____

Title: _____

The DWA Simplified Exit Plan™



Your Benefits of Planning:

- Peace of Mind
- Focus on What You Love Doing
- Clarity of Business' Direction
- Build Momentum Towards Value Goal
- Right Decisions for the Right Reasons
- Protection from Sudden Exit

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Advantages Over “Doing Nothing”:

- Confront Hurdles Now, Rather Than Later
- Prediction / Forecast / Goal-Setting
- Creates Options & Hidden Opportunities
- Use as a Guide when Life Happens

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Start Developing Your DWA Simplified Exit Plan™:

- Follow the Steps Above
- Review the Sample Letter of Guidance
- Get a Value Understanding
- Take a Big Picture View
- Allow Time For Insights To Develop

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Exit Planning Protects Everyone!

Take our **FREE Risk Assessment** today!

[The Sudden Exit Assessment](#)

(<http://davidwimer.com/assessment-1/>)

Find More Resources at:

www.davidwimer.com

Toll Free: 844-269-7700

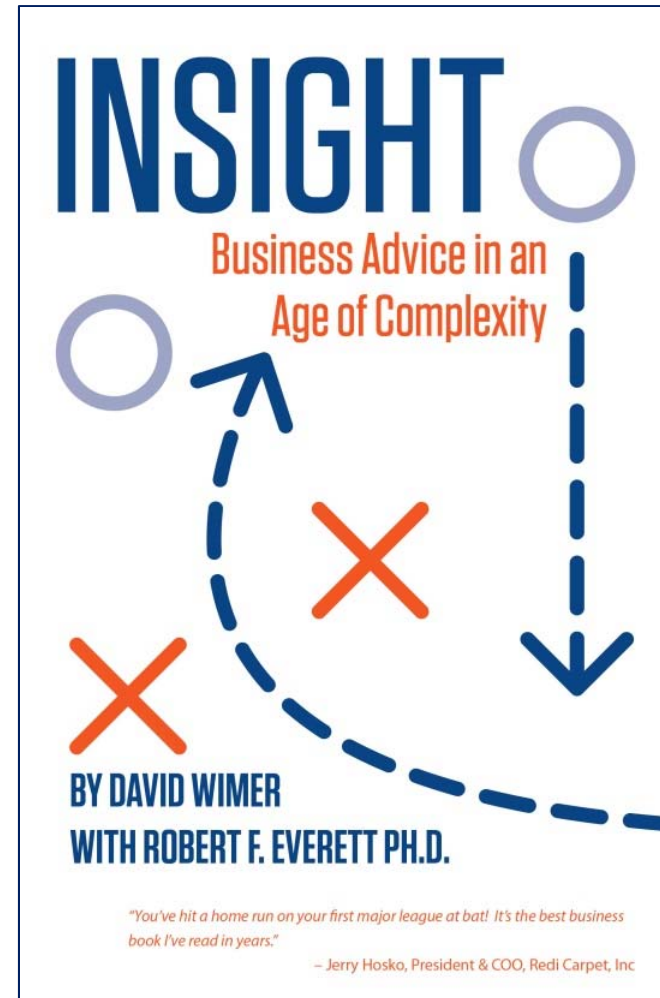
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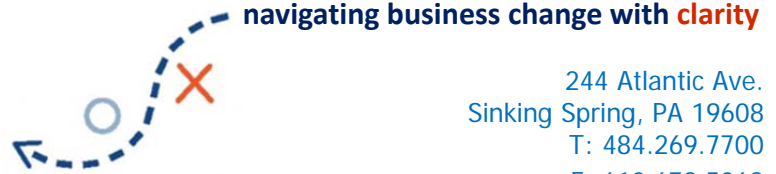


**DAVID
WIMER**
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***THANK
YOU!***





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5. Insurance Brokerage Contacts & Policies in force with Beneficiaries of each.
6. Banking Contacts, Account Numbers and Personal Financial Statement
7. Financial Planner / Wealth Advisor and Brokerage Accounts
8. Here is the person I would recommend as Interim Leader in my absence of the Company.

 Our Business Advisor is: _____ [Tel & Email]

The President of our Advisory Board is: _____ [Tel & Email]

9. Location of any Trust Documents, Buy/Sell Agreements, Partnership Agreements, Operating Agreements, Living Wills, Durable Power of Attorney, or any other critical contractual agreements or supporting documents.
10. Location of any real property, or business investments including deeds and titles; any valuations.
11. Personal Financial Statement.
12. Any electronic Log-on ID's and Passwords for my PC/Laptop and above items.
13. My Executive Assistant can be reached at: _____

Very truly yours,

Signed By: _____

Witness: _____

Print Name: _____

Title: _____



David's Business Owner Advisory #4

8 Survival Tips for an Owner's Spouse

By David Wimer, Author of *INSIGHT*

This set of tips is directed specifically to the spouse of a business owner.

We never enjoy thinking about disasters, but they happen more often than anyone would wish. Few situations have more potential for small business disaster than the sudden death or incapacitation of its owner. And no one feels the impact of the disaster like you, as the owner's spouse, do.

I have experienced situations where a business lost much of its value as the spouse either learned to take over or until new leadership was found. I have also known cases where one or more partners took advantage of the situation to strengthen their personal financial position at the expense of the original owner's family. I have experience working with spouses in these difficult circumstances and have found some simple steps that can be taken by the business owner and spouse to protect themselves and their assets. You and your owner-spouse should work through these steps together before a crisis occurs to ensure that unnecessary problems are foreseen and minimized.

1. Know the Key Management.

Step one is to understand who can operate the business in the event of crisis. Who can be relied upon for the facts and answers? It may be the General Manager, Vice President, or Controller. The important thing is for you to know, in advance, who can "take charge" and what level of authority they will have to make decisions. Also, agree on how interim reporting to you occurs.

2. Know the Key Support Professionals.

The business most likely has a CPA and a Corporate Attorney. You should meet with each to be sure they understand what is to be done in accordance with the joint estate plans, and your spouse's wishes. You might also consider independent oversight of the business for an interim period if your spouse becomes incapacitated. Your insurance broker and banker contact information is also critical. The business' key professionals can be very supportive especially when they are kept informed. There's no need to do this alone.

3. Know Your Cash Position.

You have personal bank accounts and corporate bank accounts where cash is maintained. Knowing the account details and where these funds are located is vital in order to avert an unexpected business or personal cash flow crunch. In an emergency, reach out to each of the bank Branch Managers and business Commercial Lenders to alert them of the situation. They will work with you.

4. Have a Durable Power of Attorney in Place.

Bankers and other professionals will understand a Durable Power of Attorney and will work with you while your spouse is hospitalized or until new leadership is put in place. Your estate or business attorney can have this drafted. Get the advice of someone who has successfully dealt with business transition. Guidance helps save time.

5. Know Your Key Documents.

You should have ready access to your Wills, Trust documents, and all relevant business documents and agreements. I recommend placing copies of all relevant documents in your own safe deposit box or home safe. You should also know the passwords for the business computer, your spouse's computer, and any personal assets such as brokerage accounts. Confidential document vaults in the cloud are available and many are free through your broker.

6. Get Monthly Financial Statements.

In a crisis, you'll need to understand how the business is performing. Your family has the most at risk. As an exercise, have executive management explain the current financial condition of the company at least once per year. Attend a Board Meeting and listen to the reports of executive management. Also, attend an end of year or tax meeting at least once a year with the CPA to understand the health of the business, taxable implications, major capital investment decisions, and financial guarantees. Learn about the business as you would your personal brokerage account.

7. Understand Value of the Business.

Value is what the company may be worth to a third party. Making any major, long-term business transitions or investment decisions must be delayed if possible until the fog of crisis lifts. That way there are no regrets down the road. But understanding the value from an independent source is a key to making capital investment decisions when the owner is unable to do so. The business must operate!

8. Do a Fire Drill.

Once a year, make sure that you test the data for your plan. Make sure you cover any major changes from the prior year. Then call for dinner reservations and celebrate that your loved ones are covered for another year!

DAVID WIMER, BUSINESS ADVISOR & AUTHOR guides business owners, families, Boards of Directors, and other stakeholders through financial crises and business transitions. Wimer is Managing Principal of David Wimer Advisors, LLC and author of INSIGHT: Business Advice in an Age of Complexity (Create Space, 2014).