

Business Owners Heading for the Exit

Owners Selling Companies Need Comprehensive Exit Strategies

By **MATT HANSEN, CFP®, CEPA®**, Senior Vice President – Wealth Management, UBS Financial Services, Inc.

You may have spent many years, or perhaps decades, immersed in the day to day operation of your company, focused on strategies designed to build your business. But is your focus starting to shift from the successful operation of your company, and toward a strategy for the successful sale of your company? If so, you're definitely not alone. Research published in the UBS article "US Insights on Investor Sentiment" from the first quarter of 2018 provides some insights regarding business owners' future plans for their businesses. The study indicates 41% of current business owners expect to leave their companies within five years, with a majority planning to sell. But as diverse as those businesses may be, there's one common question each owner may be asking: "Do I have a plan in place that will help me make that move?"

Business owners contemplating a sale may choose to move on to a new venture or ready to enjoy retirement after investing time and effort in operating their companies. However, in that same 2018 UBS article, 58% of business owners looking to exit said they have never had

their companies appraised, and almost half have no formal exit plan in place.

So how can you start structuring a comprehensive exit plan, one that encompasses business and personal financial planning, and in many cases, estate planning strategies? The foundation of that strategy should be targeted toward two goals: Helping you maximize the return you get if you sell, and implementing a financial plan to help you manage your money after the sale. The time to start putting together a team of financial professionals is long before you're ready to hand over the keys to someone else.

That team may include a financial advisor, attorney, accountant, and possibly an investment banker. Decisions will need to be carefully crafted to provide advice on transition structure, ownership transition and post-sale asset management. If you plan on selling to heirs, you should consider creating a succession plan that includes techniques to help manage concerns regarding your estate planning strategies. You may currently be paying expenses through the business you intend to sell, and you'll need

to address how you'll cover those expenses after the sale, and how those decisions can impact your personal cash flow. As you plan a long range view of life after you sell your business, you'll need to determine an investment strategy moving forward. Much of your financial focus may shift from managing your company to managing your assets after the sale of your company.

Do you have a strategy in place that calculates whether the assets of the sale of your company will adequately provide for ALL of the goals you have? And keep in mind, those goals may extend beyond your lifetime. You may choose to develop a strategy that involves detailed estate planning for multiple generations of family members. A strategy to structuring wealth across time may provide the guidance you need as you make some important decisions.

Clearly, there is a lot to take into account before, during and after the sale of a company, and possibly during a transition into retirement. So you may want to consider crafting a comprehensive exit planning strategy long before you decide to make that exit.



MATT HANSEN, CFP®, CEPA®
Senior VP - Wealth Management
UBS Financial Services, Inc.

Matt Hansen helps successful people manage and plan all aspects of their wealth so they can focus their time and energy on work, family, and the causes that are most important to them. He focuses on financial planning with an eye on both long term goal achievement and short term opportunistic perspectives. Guided by each client's Personal Financial Plan, Matt engages with his clients as their dedicated advisor in areas such as comprehensive wealth planning, estate planning, insurance solutions, and various lending options. Matt's current focus is working with business owners to help structure retirement plans, bring them access to capital to help grow their business, and business transition planning to help structure a successful liquidity event.



Review code: IS1904016 Expires 8/31/2020