

The Navigator

The Hilton Group

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Are you ready?

10 ways to check if you're ready for a business transition

Many of our business owner clients have put decades of time, energy and passion into building their companies. Whether you're considering a sale, succession, merger, or retirement, preparing for this transition or exit is one of the most important financial and emotional decisions you'll make.

Ask yourself: are you ready? Don't wait until you're ready to leave to start planning. You may miss opportunities to maximize value, minimize taxes, and ensure a smooth handoff. More importantly, you can exit on your own terms.

Here are 10 ways to check if you're ready to transition your business;

1. You spent time and money getting educated on the process of how to transition and discussed it with your loved ones.
2. Your personal, financial and business goals are aligned, defined, co-dependent, and linked.
3. You've created an advisory team (attorney, CPA, wealth/financial advisor, partner, significant other, M&A attorney, insurance specialist, banker, etc.).
4. You've created a contingency plan including buy-sell instructions and appropriate insurance, and reviewed this plan with your trusted advisors including family members.
5. You've completed a strategic analysis; business valuation; and personal, financial and business assessment within the last year.
6. You've considered all of your exit options and optimum deal structure, and weighed the pros and cons of each in relation to your goals.
7. Your transition plan is written, and ideally has a multi-year implementation timeline.
8. You've considered and designed a post-business life "after" plan, linked to your wealth management plan.
9. You have a pre-transition value enhancement/preliminary due diligence project underway to de-risk the business, maximize its value, minimize taxes, and improve the probability of a smooth transition to the next owner. This plan ideally has a multi-year implementation timeline as well.
10. You have a management program underway to ensure post-transition leadership is prepared to operate the company after you exit, and have secured the appropriate specialists to handle your desired transition option.

If you are ready to discuss any of the above checklist steps, the expert team of advisors at The Hilton Group are ready to listen, support and help navigate your exciting journey.










Is your business dependent or independent?

The majority of business owners that we meet want to sell their business for the highest possible multiples. Often, the owner believes their business is worth more than it's valued at, not because of real estate, asset or inventory valuation but due to weak customer, social and human capital. Simply put, the business is highly **dependent** on the owner.

Check out this interesting infographic from the Exit Planning Institute, which clearly defines and outlines seven areas to help "decentralize" the business owner from the business prior to a successful sale:

Decentralizing the business owner

Business is dependent on the owner	VS.	Business is independent of the owner
 Business owner characteristics		
<ul style="list-style-type: none">– The owner works more than 55 hours per week in their business and their business likely defines who the business owner is– Unbalanced personal and professional life, lacking purpose and vision		<ul style="list-style-type: none">– The owner has a balanced life, feels fulfilled in their work, and likely operates at their highest and best use doing what they are passionate about daily– The owner has a defined personal purpose and vision for the future inside and outside of their company
 Structural capital		
<ul style="list-style-type: none">– Intellectual Property, SOPs, and training programs are not documented, copyrighted, trademarked, or patented because the owner either fills the role or knows the role		<ul style="list-style-type: none">– Clear vision, mission, core values, and 3-year strategy documented and presented companywide– All processes are documented and standard operating procedures can be followed by the leadership team
 Customer capital		
<ul style="list-style-type: none">– The strength of the customer relationship is tied to the owner and not entangled with the brand– Customers are highly concentrated and have a high likelihood of terminating their relationship without the owner involved		<ul style="list-style-type: none">– Customers are diverse, engaged, and entangled with the company. In other words, they could not possibly think of operating without the company involved– Customers are attracted to the brand the company has created and the belief in people, process, cause, and the solution (service or product) the company provides them
 Social capital		
<ul style="list-style-type: none">– Company Culture is intrinsically tied to the owner. The owner is synonymous with "the brand"– If the owner exits, the culture disappears as well		<ul style="list-style-type: none">– The culture, brand, and the way the employees work with each other do not depend on the owner at all. The business is the brand, not the owner– Company culture is driven by core values, internal communication plans, the employees, and customers
 Human capital		
<ul style="list-style-type: none">– Owner must be involved with and approve company decisions, major or minor– Executive Leadership Team struggles to manage daily operations without the owner around		<ul style="list-style-type: none">– Well-formed executive leadership team with a documented succession plan– Executive Leadership Team is empowered with the accountability and authority to make key decisions without the owner
 Business value		
<ul style="list-style-type: none">– Most of the perceived value is tied to the owner not in the business– Lack of clear financial reporting historic and projected		<ul style="list-style-type: none">– The company has a manageable level of risk and is predictable and scalable– Higher valuation, driving towards best-in-class multiples
 Ultimate sale price		
<ul style="list-style-type: none">– Since the owner is the most valuable asset in the business, potential buyers are less likely to make an offer– In the event that the business does sell, it will be for a lower multiple		<ul style="list-style-type: none">– Due to strong tangible and intangible capitals, the business likely sells for higher multiples



Hilton and Museler named to *Forbes* Best-In-State Advisor Lists

The Hilton Group's Managing Director Jamie Hilton and Senior Vice President Kara Museler were named to two Best-In-State advisor lists by *Forbes*. Jamie ranked fourth out of 31 advisors in the state of Rhode Island on the *Forbes* Best-In-State Wealth Advisors list. The *Forbes* rating is compiled by SHOOK Research and awarded annually in April based on information from a 12-month period ending June of the prior year. Kara is one of 11 advisors in Rhode Island to be named to the *Forbes* Top Women Advisors Best-In-State list. The *Forbes* rating is compiled by SHOOK Research and awarded annually in February based on information from a 12-month period ending September of the prior year. Eligibility is based on quantitative factors and is not necessarily related to the quality of the investment advice. For both lists, the rankings were compiled by SHOOK Research, which uses financial data and interviews of candidates nominated by their firms.



Cerino Honored with Exceptional Volunteer Award

The Hilton Group Financial Advisor Anthony Cerino is the recipient of the Exceptional Volunteer Award by Salve Regina University. He was presented the award by President Kelli Armstrong. A 2014 graduate who earned his MBA in 2015 from the University, Tony was recognized for his regular volunteerism as a panelist for Salve's capstone Business Planning presentations. In addition to lending his expertise to the Sophomore Studio weekend where he engages with students in fireside chats, he assists students in securing internships and preparing for life after college. Tony is vice chair of the James Patrick Stowe Fund which, in partnership with Massachusetts General Hospital, aids research on testicular cancer and he serves on the board of directors for the Fort Adams Trust.



Hana Couture Passes Series 7 Exam

Hana Couture, client associate at The Hilton Group, passed her Series 7 General Securities Representative Qualification exam. Administered by the Financial Industry Regulatory Authority, the exam assesses the competency of an entry-level registered representative to perform their job as a general securities representative. It also measures the degree to which the candidate possesses the knowledge needed to perform the critical functions of such a representative, including sales of corporate, government, municipal and investment company securities; variable annuities; direct participation programs; and options.

Out and About



The Martin Luther King Center in Newport is a community organization that promotes health, fights hunger, supports families, educates children, and engages seniors. With over 8,000 at-risk individuals served last year alone, this impactful nonprofit strengthens the entire Newport County. The Hilton Group has been a long-time supporter of the important work of the MLK Center, and was recently recognized for its charitable giving.

Pictured with Jamie is Director of Development Alyson Novick (left) and Executive Director Heather Strout (right).



Salve Regina alums Tony and Hana were invited to speak on a panel at the university's most recent Fireside Chat event. Nearly 300 students attended to hear alumni members answer questions about life after college and to provide career advice. Tony and Hana are always willing to help "give back" to students and offer as much guidance and insight as possible. After all, they were once student interns, too!

In the photos (left), Tony and Hana are seated at a student roundtable and pictured on stage for the panel discussion along with host and career coach for The Center for Advising, Career & Life Design Axel Halvarson (left) and fellow alumni Josh Hohlfelder (right).

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