EVERGREEN® EXITS

# WHO WILL GUIDE YOUR EXIT?
# DEVELOPING & ASSESSING YOUR ADVISORY TEAM


Business owners who run their own businesses tend to wear many hats, handling many different jobs at any given time. Successful owners build teams around them to complement their skill set and strengthen their capabilities. Professional advisors are a part of this team-building process for most owners, particularly when it comes to areas of specialty such as tax (i.e. accountants) and attorneys (for legal matters). Other advisors, such as financial professionals, management consultants and valuation professionals also round out most owner's teams.

Although some owners build their advisory teams with great care, far too many owners end up with advisors who are chosen because of a reaction to a circumstance, rather than through a proactive process.

But what happens when a specialized need such as planning an exit arises? Who does an owner turn to for advice in this area?

**The New Advisory Service called "Exit Planning"**

There is a new advisory service in the marketplace today and it is called 'exit planning'. To be clear, this is not a service for selling your business. Rather, it is a process-driven approach to doing proactive, thoughtful planning about how you will, one day, transition out of your company and have the business go on without you (hopefully being paid for the value of your business in the process).

"Exit planning" is an industry growing in response to the large number of U.S. Baby Boomer business owners in need of this service. This is not to say that professional advisors have never before assisted owners with their exits. Rather, there is a more subtle distinction. It means that never before has an industry been built around the notion that business owners need comprehensive plans for their exit.

Exit Planning can be performed by an individual advisor – but executing an exit is a team activity that requires collaborative effort.

For example, an advisor such as a financial planner can develop a comprehensive exit plan for a business owner. This process includes educating a business owner on the various options that are available for an exit and helping that owner decide which of the options is best suited to meet that owners' personal and business goals.

However, once the plan is completed and action steps are taken in the direction of executing parts of, or all of, the plan, a team of advisors is needed. The execution of a plan will include the insights and advice ranging from business value, to tax matters, to legal transfer, to estate planning, to retirement planning – to name just a few.

## Forming and Harmonizing Your Advisory Team

Once your 'lead' advisor – your quarterback - is chosen, you will need to work with that person to coordinate your team. The team must be driven by your instructions and follow your plan.

There are levels of working together that are helpful for an owner to understand.

1. Cooperation

In this instance different advisors are working together to share information with each other on your behalf to help advance certain planning agenda items.

2. Coordination

In this next level of advisor participation, the different advisors are coordinating their efforts, typically all around the goals that were identified in the plan. At this level there is more interaction than at the cooperation level – the advisors are interacting and working together on certain solutions.

3. Collaboration

This is the level that business owners want their team to work at on their behalf. Collaboration is the proactive process that advisors take to understand the goals of each of the advisors on the team and to place the client's interest at the highest level of priority. At this level there is true sharing of ideas, an openness to having someone's mind influenced by certain topics, and an overall vulnerability that demonstrates that the advisor recognizes that there is a level of complexity that no one advisor can master all parts of, but each advisor can make their collective contribution to.

**Collaborative Efforts Lead to Results**

Collaborative efforts among a team of advisors can lead to substantial results for a business owner. When advisors successfully collaborate on the owner's behalf, they speak with each other and solve issues in a collaborative manner, without the owner's constant input. Without collaboration, individual advisors may present their thoughts to the owner, leaving the owner to figure out what to do with the information. Therefore, it's crucial to have a team of advisors who work together effectively to ensure a successful outcome for the owner.

**Concluding Thoughts**

In conclusion, it's essential for every business owner to answer

In conclusion, it's essential for every business owner to answer the question of who will guide their exit, and that answer should include the active participation of the owner. Exiting a privately-held business is a complex matter that involves various areas, such as valuation, personal planning, and transactions. The right advisors, who act in the best interest of the owner, are key to a successful exit. We hope that this newsletter has provided you with useful insights and helped you think about the planning and execution process for your exit. It's crucial to carefully consider who you want to enlist to help and how you want them to behave on your behalf.

If you have questions or would like to explore these ideas further, we'd be happy to connect. Reach out to Ed at ed@egwealth.com

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