



# TRANSITION360

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Business Development & Brokerage Services

## Business Brokerage

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KEDA Fall Forum

# Ways to Exit Your Business

- Sell to an outside third-party buyer
  - Individual, Strategic, Private Equity, Search Fund, Family Office
- Sell to an internal employee or other owner
- Transfer to children
- Wind down
- Transfer using Estate Planning Trusts
- Transfer business upon death
- Sale to an ESOP

# What NOT to do!

- [Is this a write off?](#)

# Profit & Loss and Balance Sheet

Only the  
P&L is  
recasted

- Salary
- Retirement
- Personal expenses (with some exceptions!)

Balance  
Sheet is  
used for  
determining

- Working capital
- Assets
- Debts

# Building for the Sale

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## **Defining your objectives**

- Dollars vs years
- Retirement goal – age or income
- Succession or outside buyer

## **Valuation**

- Not just the bottom line
- Rule of thumb?
- Strategic Value?
- Dependencies?
- Base point to build on
- Transaction terms
- Strategic Value
- Value Building

## **The Financial Plan**

- Will the sale accomplish your goals?
- Bring all the pieces together
- Peace of mind
- Light at the end of the tunnel

## **Legal**

- Risk reduction
- Cleaning up corporate documents
- Post-sale exposure issues
- Exposure from reps & warranties
- Personal guarantee exposure
- Key employee non-compete
- IP & Trademark value & ownership
- Confidentiality issues

## **Tax & Estate Structuring**

- How much do you get to keep?
- Asset vs stock sale
- C-Corp issues
- Sale impact on retirement plans
- General estate issues

## **Building a Plan**

- Preparation is Essential
- Valuation

- Profit growth
- Clean financials
- Document system
- Research your market
- Reduce dependency
- Building lease
- Transaction term scenarios
- Finance preapproval

## **Packaging Your Business for Sale**

- Presentation and Marketing Issues
- The buyer base
- Think like a buyer
- Confidentiality issues

## **Maximize Your Banking Relationship**

- More than a deposit relationship
- Short term growth goals
- Debt consolidation
- Internal buyout financing

## **Post-Sale Transaction**

- Reduce the learning curve
- No surprises
- No remorse

## **Your Team**

- Valuation
- Strategic growth
- Exit preparation
- Attorney, business sales
- CPA, business transition
- Financial Planner, fiduciary

- **CONFIDENTIALITY:** We sign an agreement to maintain absolute confidentiality concerning the information you provide us.
- **BUSINESS INFORMATION:** We provide a customized questionnaire, a list of financial details and operational information that we need to analyze and establish a base value of the business to properly present the company.
- **ANALYSIS & PRESENTATION:** Our team performs the analysis and evaluation of your business to determine if a sale will accomplish your goals and, if so, the best marketing and presentation methods for an efficient sale. We market worldwide as well as local. We will discuss and determine the proper level of confidentiality as well as key employee involvement in the process.
- **MOVING FORWARD:** If we all agree on the value, terms and content of the Offering, we move forward. Our fee is 10% of the sale. Valuation or consulting fees are deducted from our performance fee. We cover all expenses other than your legal, accounting and closing costs.
- **MARKET PREPARATION:** We seek pre-approvals from our affiliated financing sources as well as approval guidelines from landlords, suppliers, or any other entity required for the continued operation of the business.
- **QUALIFICATION & MEETINGS:** We seek, interview and qualify all potential buyers. You then meet with the best candidate(s) so specific questions about their abilities and their questions about the business can be addressed.
- **DUE DILIGENCE:** We provide information to assist the buyer candidate through enough Due Diligence to create an Offer to Purchase.

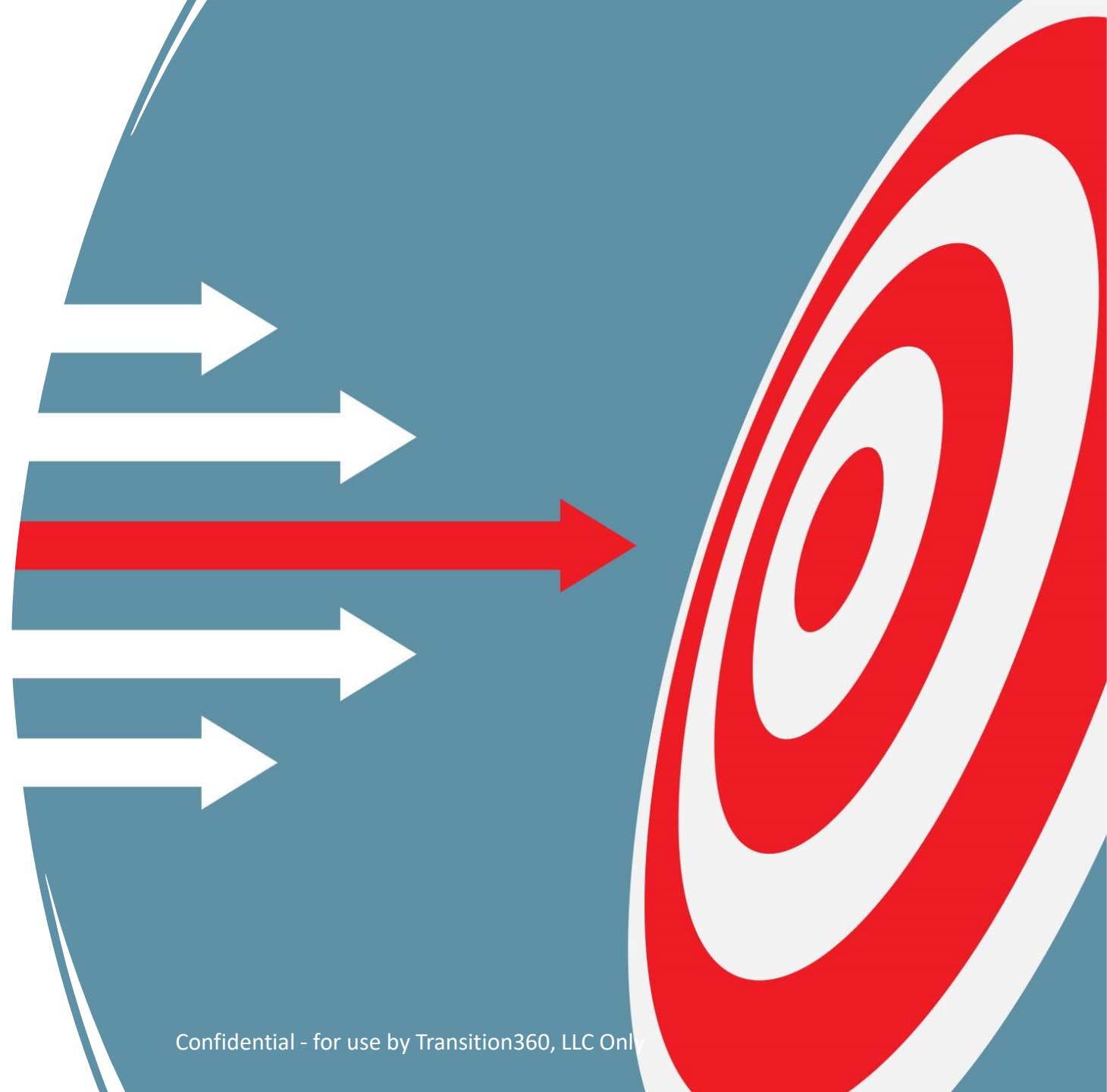
- **OFFER TO PURCHASE:** With our assistance **and** legal counsel assistance the Buyer candidate(s) create a response to the sale using a Term Sheet, Letter of Intent, or Earnest Money Agreement. Their response is contingent upon your approval and their deeper inspection of the business. The Offer is not binding until all the contingencies have been removed. Lastly, we present the offer to you and how the buyer arrived at the offering price, terms and conditions. You may accept the response as written or we produce a counter offer.
- **MUTUAL ACCEPTANCE:** When both parties agree to all the terms and conditions of the sale, sign all amendments and counter-offers, a Purchase Agreement is created and a plan is established for closing.
- **OPEN ESCROW:** An Escrow account is established. We provide the Escrow agent with copies of the Offer to Purchase Agreement and create or coordinate all other necessary documents.
- **INSPECTION:** The buyer can now conduct a more detailed inspection of the business's financial records, operations and verify the offering elements.
- **CONTINGENCY REMOVAL:** As all requirements are met, the existing contingencies in the Purchase Agreement are marked completed.
- **LEASES:** If applicable, the property and equipment leases are assigned to the buyer, it is now a binding Agreement. An appointment is set for signing of the closing documents at the Escrow agent's office.
- **INVENTORY:** Arrangements are made for you and the buyer to take inventory, as applicable.
- **CLOSING:** All parties meet at the Escrow agent's office to sign all closing documents.

# The Selling Process

# Top 10 Things Business Owners Get Wrong

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1. Personally overvaluing the business.
2. Lack of preparation.
3. Trying to time the peak.
4. Underestimating emotional impact.
5. Rushing the process.
6. Overreliance on a single buyer.
7. Failing to address issues.
8. One year does not make a trend.
9. Underestimating the time it takes to sell.
10. Neglecting effective marketing.



# Exit Big

BEGIN WITH THE END IN MIND

ADDRESS BUSINESS ISSUES

IT ALWAYS TAKES LONGER THAN YOU THINK

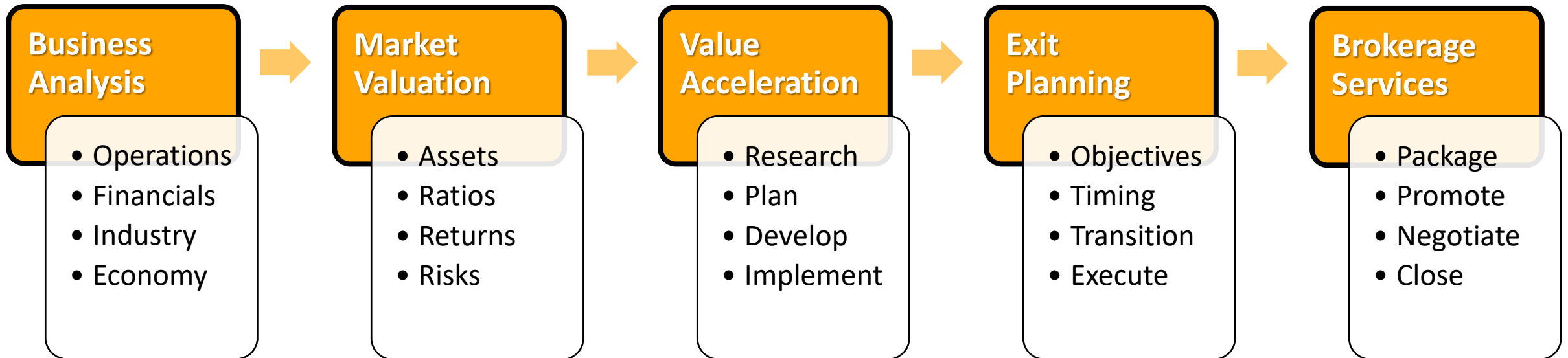
CULTURE

PROVEN BUSINESS MODEL



# What We Do

## The 360° Development Program™



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- Personal 90% success rate, industry is 25%
- Representing seller companies with revenues between \$1,000,000 and \$30,000,000+
- Local
- Industry agnostic



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