



5 Important Questions for Business Owner Clients and Prospects

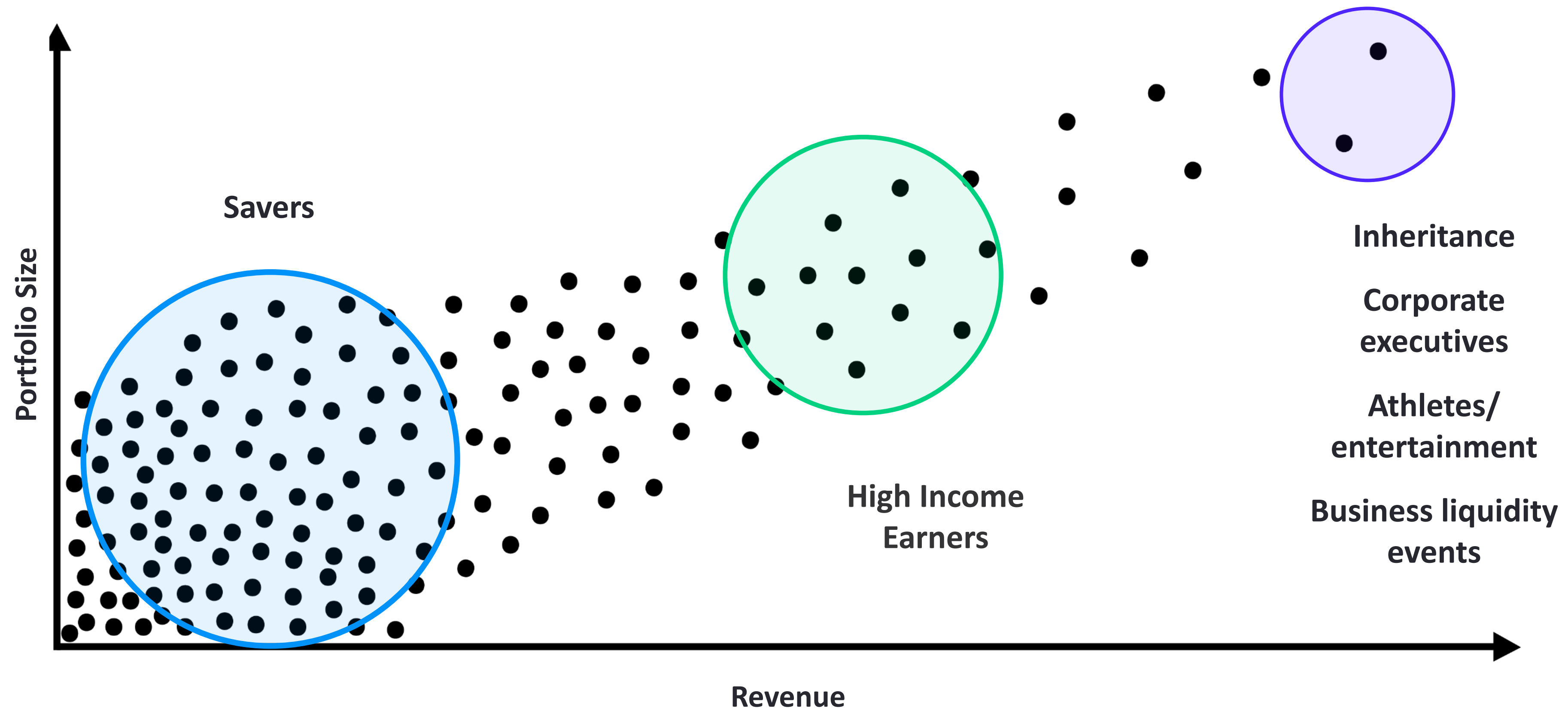
Unlock the door to better conversations



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Target Markets



Missed Opportunities

Do not let this happen to you

Too often, financial advisors miss the opportunity to have meaningful conversations with their business owner clients and prospects. As a result, the financial advisor misses the chance to create a more meaningful relationship and thus are not well positioned to capture a potential future liquidity event.



1

Learn to ask better questions

Intentional questions designed to create a dialogue will place you in a better position to have a more meaningful relationship with your business owner clients.

2

Establish yourself as a Business Owner Expert

Familiarity with the process of selling a business combined with some business owner basics will help you to target the business owner market.

When Do You Plan to Retire?



You are setting up to have a serious conversation

It is a **simple question**, but the answer is not easy.



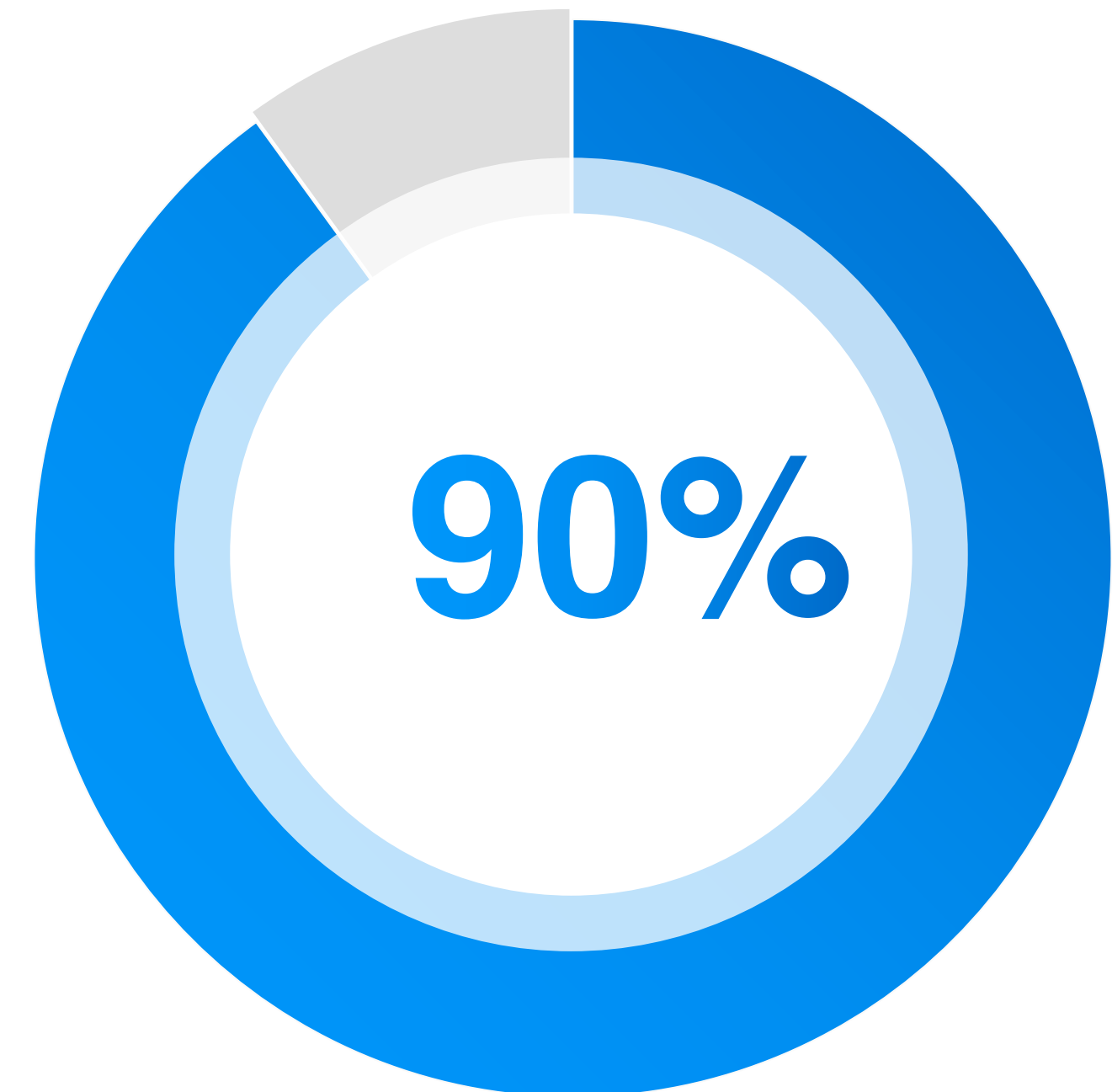
The question is more difficult for business owners

Businesses take time to exit and failure to properly plan can result in a lower valuation, or the business never being sold.



This is an opportunity to get into the emotions of selling

In addition to financial decisions, **Emotions play a large part** in the retirement and decision to sell.



Many business owners have as much as **90% of their wealth tied up in their businesses.**

Important Considerations

Emotional

- Burnout/health concerns
- New opportunities
- Boredom
- Partner disputes
- Lifestyle changes

Financial

- Declining profitability
- Seller's market
- Industry changes



What is Your Exit Strategy?



What is the future of the business?

Will the business continue in its **present form**, or will it **materially change**?



Who might acquire the business?

Are you selling to a family member? Do you think a strategic buyer, or a private equity firm would purchase your firm? Going public? Sell to employees?



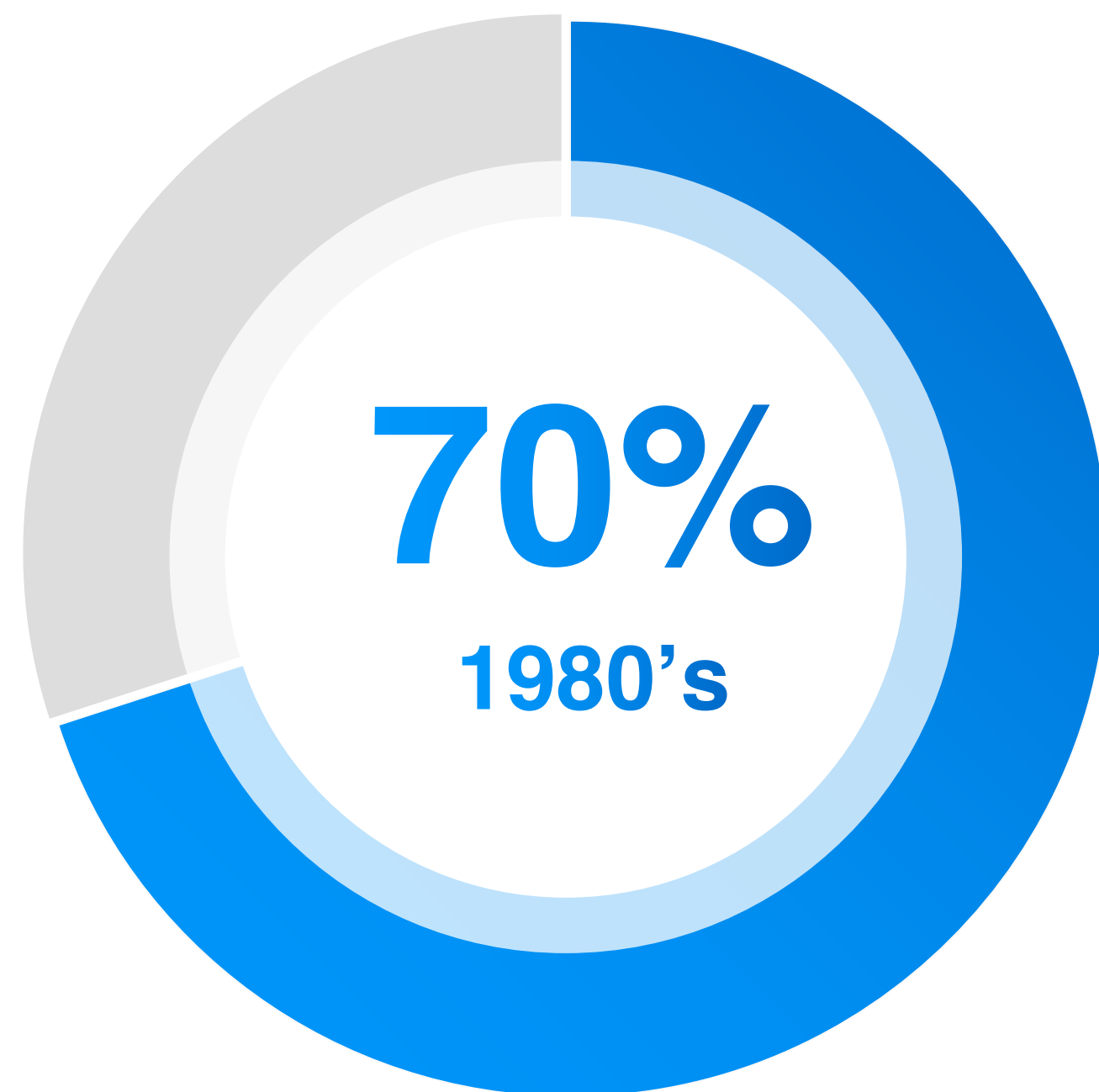
What would happen to your business if you went on a 3-month vacation?

If the answers resembles **chaos**; the business owner created a job but not a business.

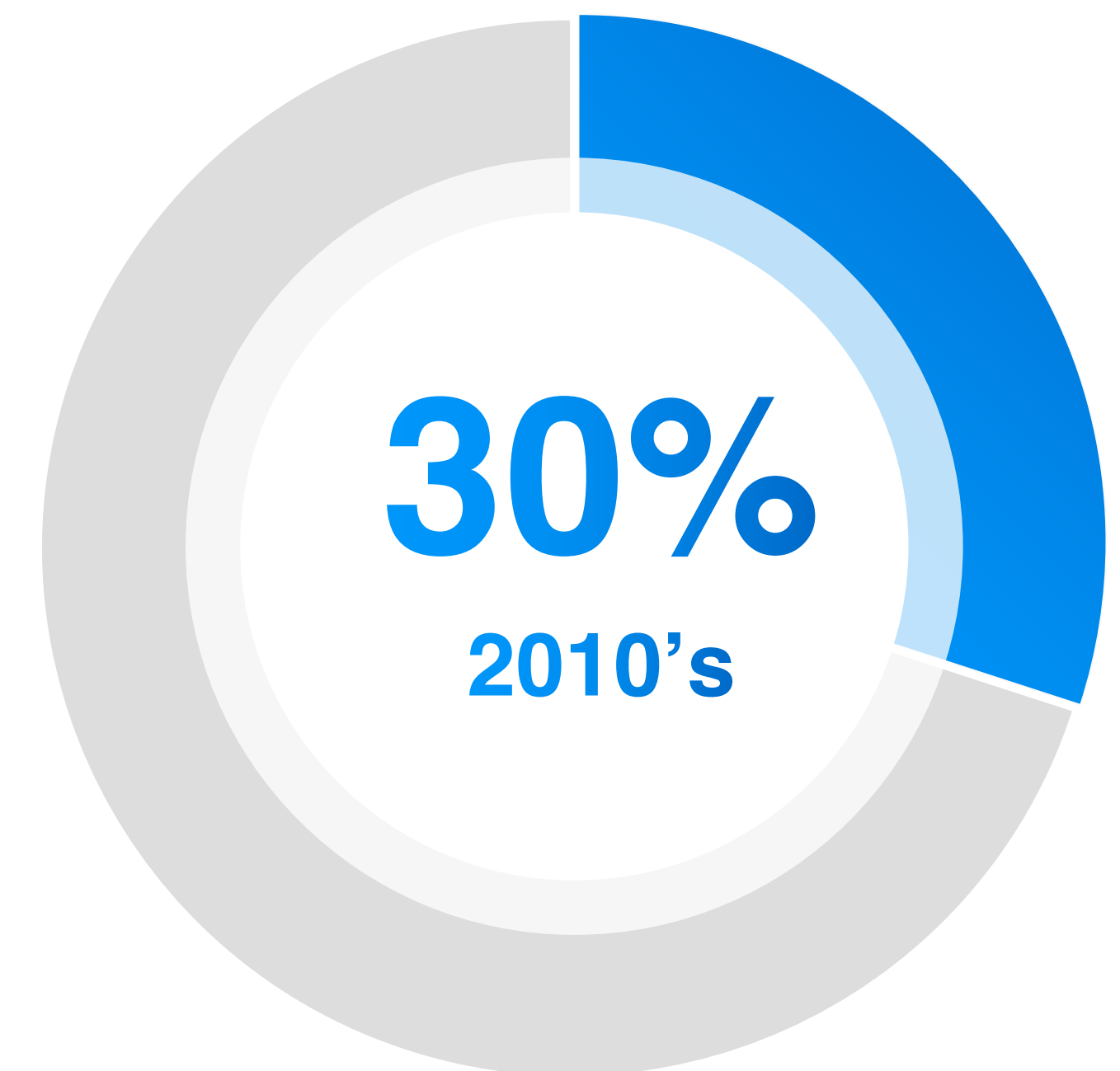


The Changing Landscape of Buyers

Now, more often than not, PE firms or strategic buyers are involved



PERCENTAGE OF BUSINESSES
SOLD TO EMPLOYEES OR
FAMILIES



Have You Planned for Your Exit?

70%

of Baby Boomer business owners do not have plans for how they will leave their companies.

60%

of business owners between ages 55-64 have not discussed their plans for leaving their companies with their business partners or spouses.

Source: 2015 U.S. Trust Insights on Wealth and Worth Survey. For use with intended audience only.

Good Follow-Up Questions

Questions that can lead to better conversations

✓ How do you plan to retain key employees?

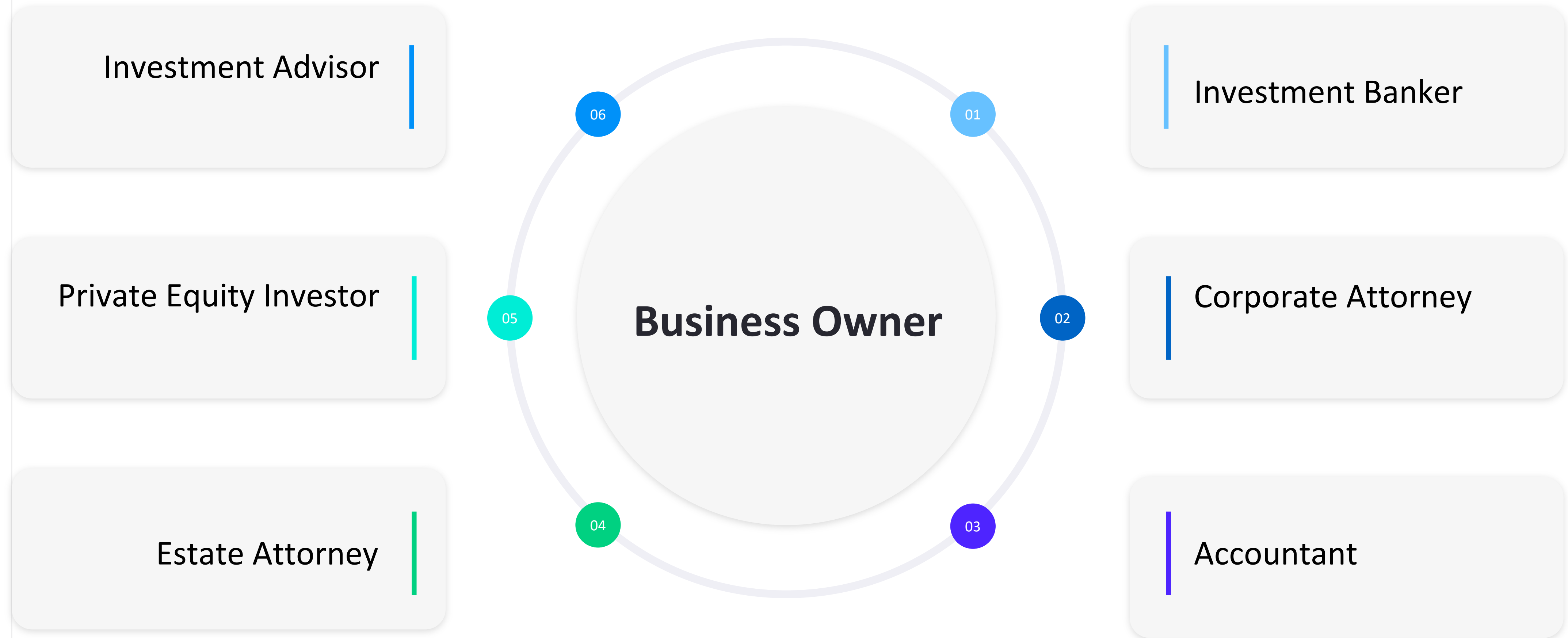
✓ Who is going to help in the process? Who do you plan to share confidential information with?

✓ Are there concentration issues? – vendors, suppliers, customers

✓ Are the books in good shape?
What's the plan for taxes?

Selling a Business Requires a Team of Experts

It is important to have a basic understanding of everyone's roles

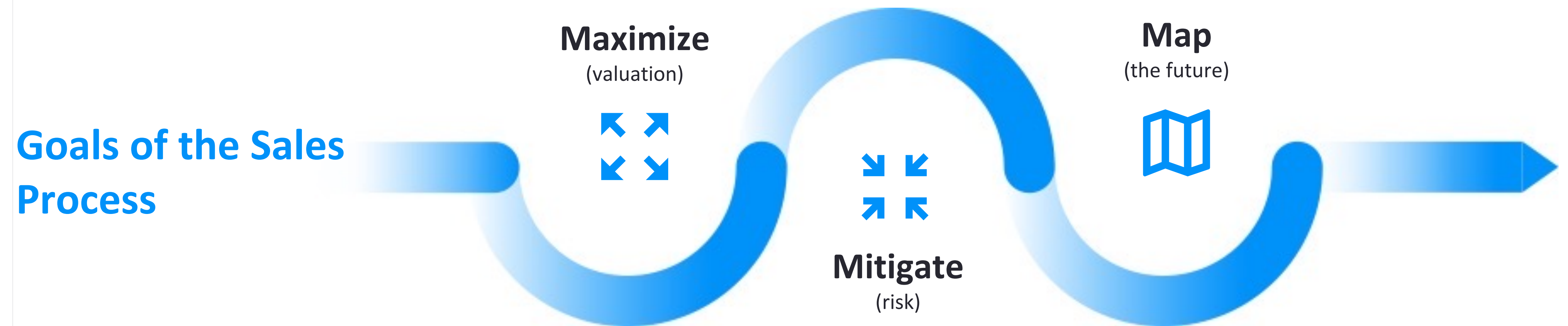


Selling a Business Requires a Team of Experts

The goal is to reposition yourself from investment advisor to business advisor



Mitigate Fear by Keeping It Simple



How Do You Plan to Maximize Your Business?

Consider a Business Evaluation

A crucial element to maximizing the value of a business is understanding what the company is worth.

Source: BizEquity. For use with intended audience only.

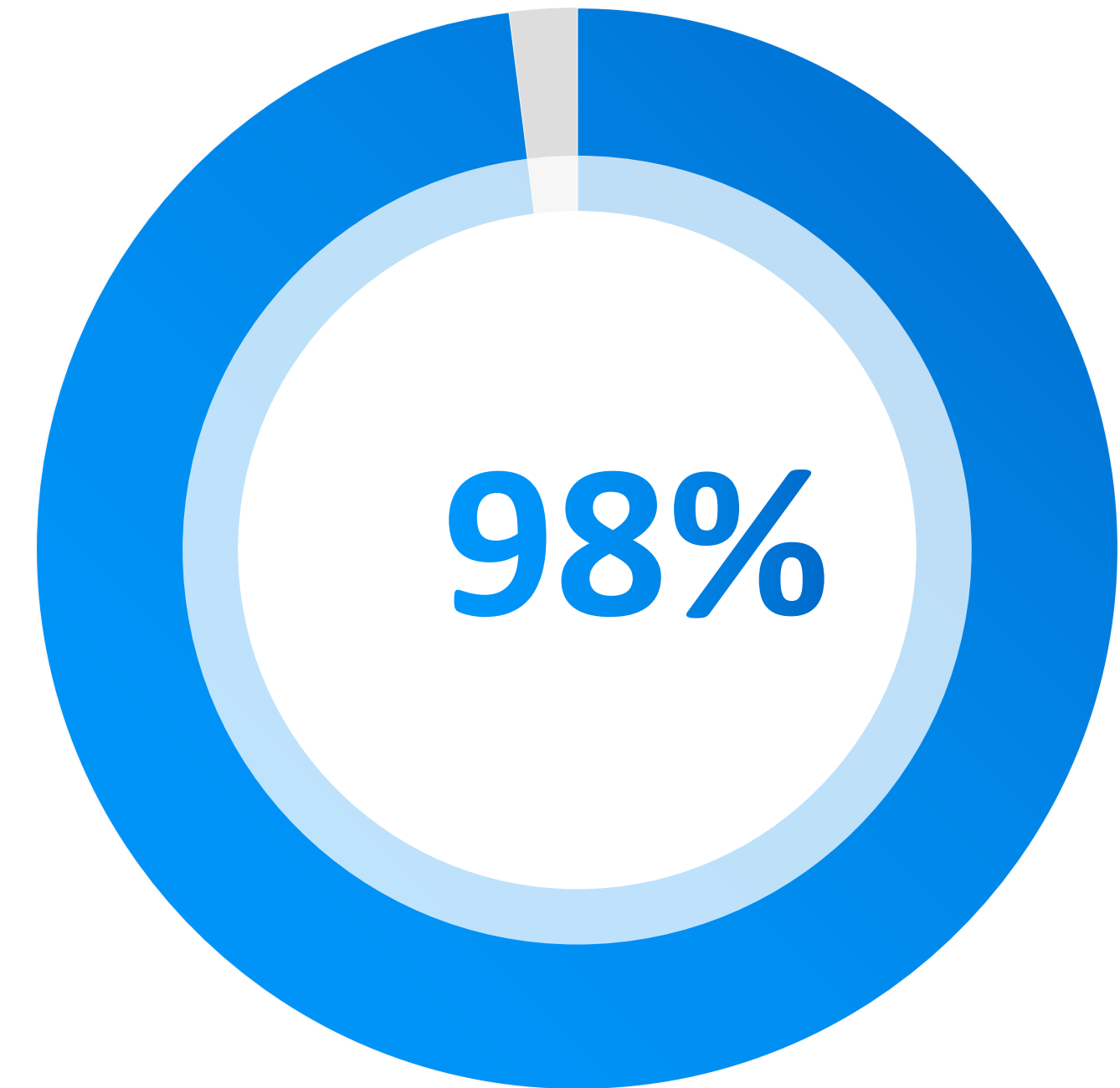


Business Valuation

2%

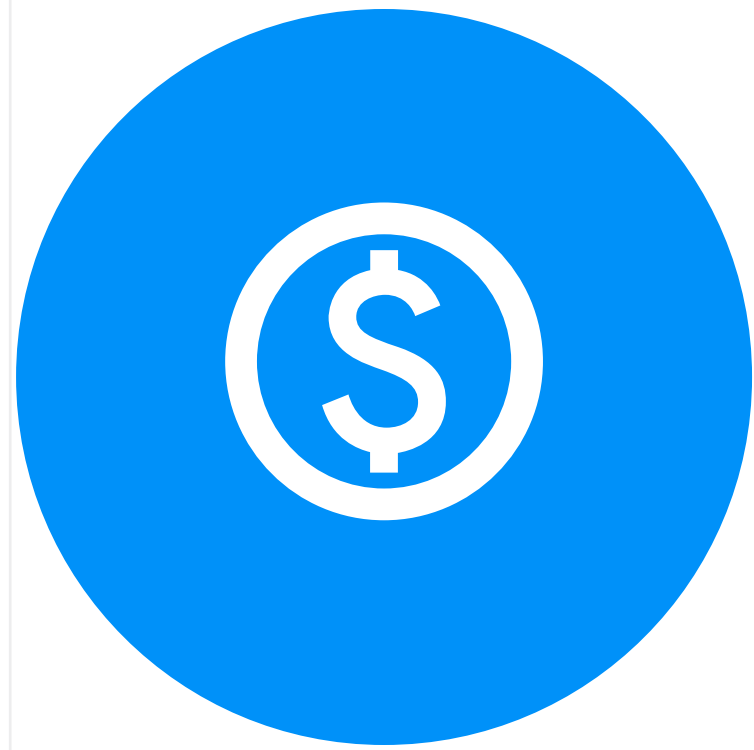
—
of small business owners know their
business valuation.

Source: BizEquity. For use with intended audience only.



Don't know.

Get the Big Picture



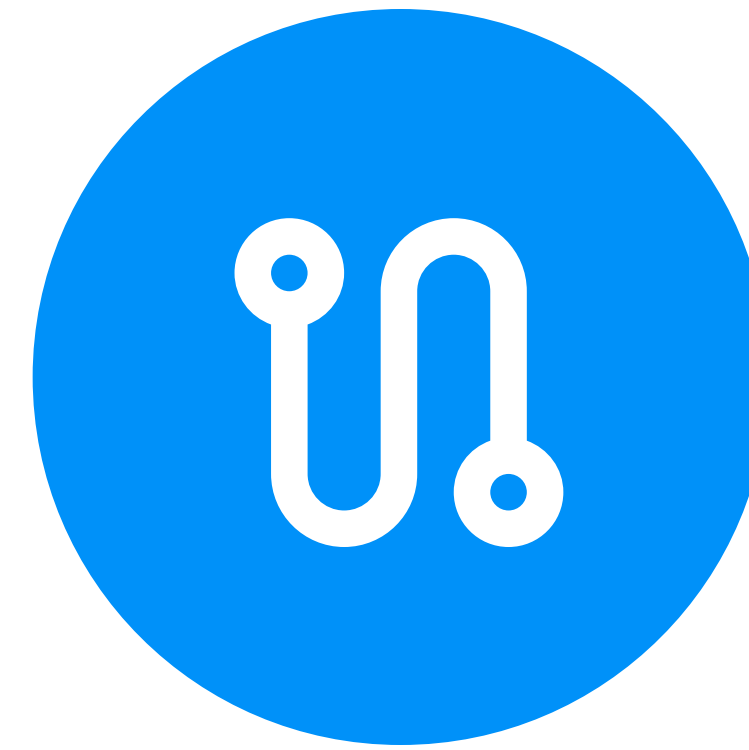
Worth

Deeper understanding
of your largest asset



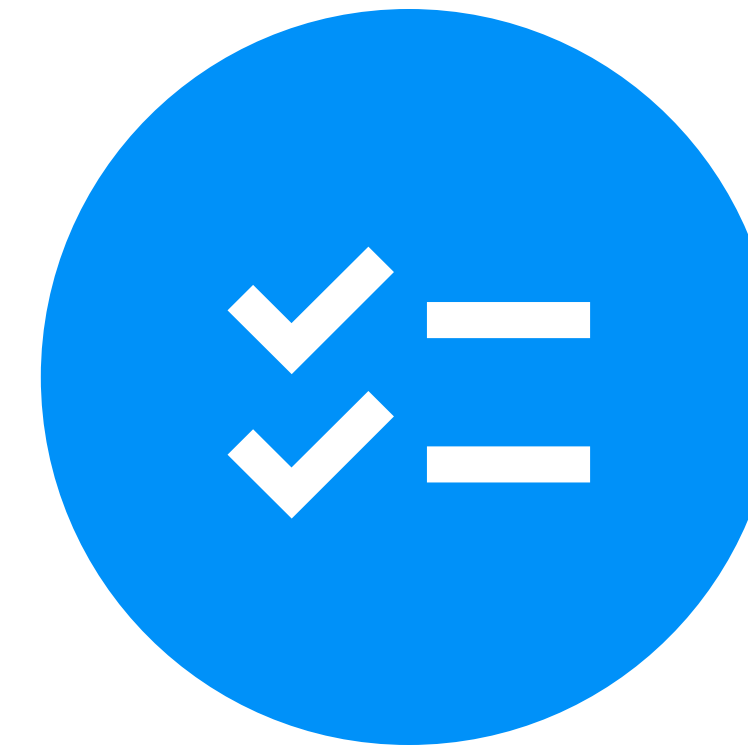
Protection

Ensure you have the
right amounts of
insurance



Plan Your Future

Know the facts for a
more accurate
retirement
or estate plan



Make Better Decisions

Guided by facts



Know Your Potential

Understand the ways
you can increase the
value
of your business

Discussion Topics

Opportunities to add value through higher multiples

Controllable factors

- Strong management team
- Reputation
- Strong market position
- Multiple avenues of growth
- Stable recurring cash flows
- Multiple areas to create value
- Working capital management

Uncontrollable factors

- Market Cycle
- Favorable industry trends
- Low cap ex requirements

What is Your Plan Once You Exit the Business?

Moving from a lifestyle they understand to a lifestyle they don't understand

What are business owners really looking for in an advisor?
A close, personal, consultative relationship with an advisor they trust and who understands them.

They also desire:

- A complete wealth management experience that addresses their full range of concerns
- An advisor who can add value
- Simplicity
- Access to required expertise



5 Questions You Need to Ask Business Owners



- When do you plan to retire?
- What is your exit strategy?
- Have you planned for your exit?
- How do you plan to maximize the value of your business?
- What is your plan when you exit the business?

Maximize Your Sock Portfolio!



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