



# The A to Ω Steps to Buying, Selling, or Transferring a Business

- REVIEW + Q&A SESSION

*presented by*

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  - Education
    - Bachelor of Science Degree with a minor in Psychology, Millikin University at Decatur, Illinois
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  - Professional Licenses
    - Managing Real Estate Broker - Illinois (Heartland Realty & Rentals, Inc.)
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    - Private Pilot-Instrument Rated
    - Attorney at Law
      - Illinois (2003)
      - Florida (2004)
      - Missouri (2004)
      - Arizona (2011)
  - Certified Public Accountant
  - Expert Witness



# Accurately Value the Business

- Determine the Fair Market Value (FMV)
- Use four customary approaches to ascertain the most accurate FMV.
  - The Earnings Capitalization Approach
  - The Single Period Capitalization of Earnings Method
  - The Discounted Future Earnings Method
  - The Assets Plus Goodwill Method
  - Make Adjustments

Account for the COVID economy in your valuation!!



# Market Your Business

- To Market Your Business - always execute a Non-Disclosure Agreement (NDA)
- Build a Presentation Package that:
  - Encompass relevant company data
  - Provides up-to-date economy data in the company's region and industry
  - Provides clear, accurate and supported re-casted financials.
  - Is presented on a reliable worthwhile platform.
- Keep your Presentation Package up to date and current!!!



# Find a Buyer and Close the Deal

- Use a Tax Minimization Analysis
  - Understand the strongest position for your client
- Be Prepared for the LOI
  - Engage legal counsel early
- Key in on essential LOI terms and negotiate them early in the deal
- Take an active role in Due Diligence
  - Weekly calls, checklists, understand the requests, work with both sides.
- Avoid the post closing pitfalls



# Transferring the Business to the Next Generation

- 40% of businesses are passed from the first to the second generation.
- Only 13% are passed from the second to the third generation
- Virtually none are passed to the fourth generation
- A business succession plan provides benefits for both employers and employees



# Benefits to an Equity-Type Business Succession Plan

- A Business Succession Plan can provide the following:
  - Flexibility
  - Tax Savings
  - A smooth transfer of ownership
  - A step by step plan highlighting the transfer process
  - Avoid ordinary income tax
  - Avoid depreciation recapture
  - Provide departing shareholders with their attributed value
  - Allow the business to maintain sufficient cash flow to operate



- Lets encompass what we just spoke about in a VERY common buying and selling scenario:
- A potential seller engages you, she's approaching retirement age and needs to recoup a certain value after taxes in order to sell her business. What's your step-by-step plan to get her to the closing table? (Hint – I have 9 steps in my process from start to finish)





THANK  
YOU!

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