



DoneDeal Exit Plan<sup>™</sup>

Process and deliverables

Available exclusively through:

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## Introduction

The DoneDeal Exit Plan™ combines proven exit planning techniques and processes with professional business brokerage/ownership transfer services to help business owners:

1. evaluate exit alternatives,
2. develop an effective exit strategy,
3. obtain the highest tangible and intangible compensation,
4. minimize the risk associated with the exit process, and
5. receive greater value for their investment.

Many articles and published case studies provide empirical evidence that business owners who undertake a comprehensive exit planning process will sell their businesses faster when they go to market, receive a higher price and end up with greater net proceeds. However, standard brokerage industry practices do not reward a broker for time spent planning, but instead for how efficiently they can make a deal. By combining exit planning with business brokerage services and delivering it under a model that is conducive to professional services, it is possible to capitalize on the value of exit planning while saving money on transaction costs.

## Evaluating Exit Alternatives

The exit planning process starts by identifying the goals of the owner(s) and understanding the current and future potential value of the business. The purpose is to provide a sound basis on which to develop an exit strategy. It involves completing an assessment of the owner's objectives, performing a preliminary valuation of the business, and defining the future value



parameters. The results of these activities together with the preliminary planning assumptions are provided in a Initial Assessment Report.

The preliminary planning assumptions provide a basis for evaluating potential buyers or buyer types. The goal is not only to understand what buyer or buyer type may be interested in the business, but also to evaluate the various deal structures that are associated with different buyer types. For instance, an ESOP sale is structured very differently from a sale to an outside entity. This analysis allows buyers and buyer types to be prioritized according to the parameters developed earlier, thereby providing a “target market” on which to build an effective exit strategy.

## Develop an Effective Exit Strategy

Preparing a business for sale is always done with the buyer in mind. However, specific exit strategy initiatives typically revolve around:

1. business value enhancement,
2. legal and administrative issues,
3. due diligence preparedness, and
4. strategic initiatives for selling the business.

Focus should first be placed on business value enhancement and minimizing the exit risk for the owner(s). This is because business value enhancement activities can take years to pay off and minimizing exit risk for the owner should begin at the onset as there is no reason to compromise the business unnecessarily.



In terms of business value enhancement, in addition to using proven business value enhancement techniques, a thorough financial and operational review will be performed under the DoneDeal Exit Plan™. This process often uncovers various specific measures that may add a little or a lot of value to the business. Understand that seemingly minor changes can significantly increase value. For instance, a \$5,000 increase in cash flow may not seem like much, but it can equate to approximately \$25,000 in increased business value.

In terms of protecting the ownership value in a business, there are many common techniques used in this arena (confidentiality agreements are an example). However, there are numerous facets to protecting ownership value that go far beyond confidentiality. This critical function is often treated superficially, but it is emphasized in the DoneDeal Exit Plan™.

Since virtually all buyers will conduct due diligence as part of the purchase process, the results of which can have a major affect and sometimes mean the difference between deal or no deal, the due diligence process is also addressed specifically in the DoneDeal Exit Plan™. The objective is to correct any financial or legal issues that may arise during the due diligence process and to develop a strategy for dealing with those problems which are not resolvable.

With the value enhancement, risk minimization and due diligence initiatives in place, the next step is to determine how to reach the best potential prospects and how to present the business in the best light. The work done previously on buyer types and deal parameters provides a starting point for this activity.

In some cases, “going to market” is straight forward. Selling to an ESOP trust is an example. Other times it requires much more finesse, as is the case when you are courting a competitor. However, regardless of the buyer, how the business is presented can make a huge difference. With the DoneDeal Exit Plan™, a customized marketing plan will be developed according to market conditions and buyer environment rather than using a standard company process.



There is a final piece left before going to market, which is contingent upon exit timing. Since sales materials and reference documents soon become dated, these materials will be developed as the goal date nears. These documents and materials may include:

1. a confidential executive summary,
2. confidentiality agreements,
3. confidential business review,
4. advertisements and listing descriptions,
5. initial contact letters,
6. business financial statements and tax returns,
7. formal appraisals and valuations,
8. business documents,
9. reference information, and
10. any other information that supports the sales process.

The completion of this process marks the end of the exit planning process and the beginning of the brokerage process.

## Obtain the Highest Tangible and Intangible Compensation

All the planning and preparation to this point provides a solid foundation on which to start the brokerage portion of the DoneDeal Exit Plan™, which involves complete professional support from the initial implementation of the marketing plan all the way through to closing. These activities, documented in monthly case reports, will consist of:

1. Implementing marketing and sales initiatives (posting ads, making phone calls, writing letters, etc.),
2. Managing prospects (qualifying, negotiating and managing communications),
3. Coordinating and supporting professional service providers (primarily related to the accounting and legal aspects of the due diligence and purchase processes), and
4. Assisting with deal structure and the procurement of financing.



The DoneDeal Exit Plan™ also offers features and options unique to other service providers. Unlike most brokerage agreements, the DoneDeal Exit Plan™ allows a client to continue the brokerage agreement until the sale of the business occurs, thereby assuring the transactional savings as well as a results-focused effort. This is important as timing can be critical and it shouldn't be forced by the brokerage agreement. Further, a non-exclusive brokerage agreement option means that you can have other business brokers participate in the sale of the business.

## Receive Greater Value for Their Investment

Rather than paying a fee to leave your business, the DoneDeal Exit Plan™ provides an opportunity to invest for future pay-off. Business journals, trade journals and professional journals are filled with articles and case studies indicating the benefits of exit planning. Many business owners who have undertaken a comprehensive approach to exit planning report getting more back in compensation than they spent on exit planning and transaction costs. Further, a large number report the investment is recaptured through improved operational efficiency and financial management. However, in addition to the benefits of exit planning, which can be substantial, there is another key benefit to this program.

Because proper preparation results in success, the brokerage services delivered under the DoneDeal Exit Plan™ are typically about 25% of a standard brokerage fee. So, not only do the proven exit planning techniques offered through DoneDeal Exit Plan™ provide an opportunity to increase the proceeds from the sale of a business, it also offers an opportunity for significant savings on transaction fees.



## Conclusion

As in many things, careful planning can make a huge difference. It is no different when it comes to exiting a business, yet this practice is only addressed in a limited fashion, if at all, under the standard industry service model. The DoneDeal Exit Plan™ promotes effective planning in an effort to get and retain the highest amount of tangible and intangible compensation for the exiting business owner. Further, combining the exit planning services with business brokerage/ownership transfer services also allows for significant transactional savings on the successful sale of a business.