





2023 PRIVATE CLIENT FORUM

Ready for takeoff

How to prepare your company for a liquidity or transition event

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With you today



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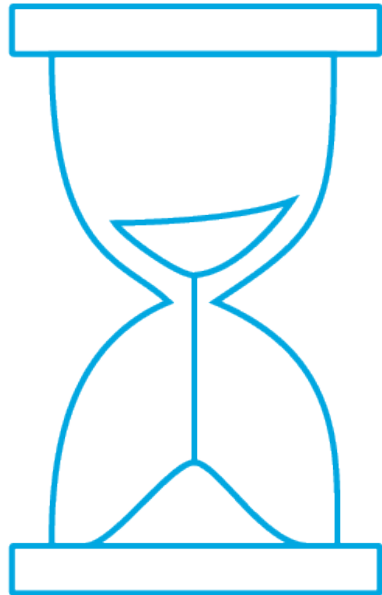
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- Planning and form of transition well in advance
- Owner and company readiness for transition
- Maximizing value in transition
- Pre and post transaction tax strategies

Learning objectives

By the end of this presentation, participants will be able to:

1. Identify key strategic issues when planning a transition
2. Explain what emotional issues can often stall the process
3. Discuss key considerations of valuing a company
4. Communicate key strategies to capture maximum value prior to a transaction
5. Summarize key pre-transaction planning on structuring deals to minimize tax impacts

PLANNING

Transition requires careful planning

- Cornell University estimates that there is \$10 trillion dollars of wealth in the process of changing hands
- Over 2/3 don't know what their transition options are, with modest attention paid to planning, if at all
- 40% have no plans for illness, death or forced exit, yet 50% of exits are not voluntary and 50% of business owners who have “partners” don't have a buy/sell in place
- Most businesses won't be sold and less than 25% of those who want to will
- 33% haven't thought about management succession, and only 25% are comfortable that their managerial team would be successful if the owner wasn't involved after the transition



What are the critical issues you have encountered when transition planning does not take place?

EMOTIONAL

Emotion often affects options and pace of transition

- 1 out of 3 owners doesn't believe the next generation of leaders is ready or perhaps capable
- Key employees are often kept beyond their utility which can impact business valuation and management succession
- Family succession plans often have design flaws that create inequity to those who work in the business versus those that are owners
- Many founders have difficulty letting go, and creating room for the next generation to learn and grow
- Board and C-Suite governance is often inadequate in closely held companies





What are some of the more challenging "elephants in the room" you have had to deal with?

VALUE DRIVER

What is the value of the company now, and what can you do about it?

- Less than half of owners have an inkling of what their business is worth
- Business value drivers
 - Leadership and management
 - Finance
 - Planning
 - Infrastructure and technology
 - People
 - Operations and product development
 - Sales and marketing
- High multiples today are driven less by excellence of the target, more by a lack of quality supply of targets or people





What examples of impacts on the ultimate value of a business have you seen dealing with your various clients?

LIQUIDITY EVENT

Pre-liquidity

planning (months 36 to 0)

Business issues

- Valuation of equity/enterprise value
- Optimal deal structure
- Developing go-to-market strategy
- Minimizing tax impact
- Multiple entity tax structures
- Strategy for successful transition
- Risk assessment and management
- Intellectual property
- Retained interest

Family issues

- Assessing post-transaction wealth and cash flow needs
- Proactive estate planning
- Tax implications/impact
- Funding charitable inclinations
- Personal and family legacy
- Role of family members post-liquidity
- Selecting the right team of advisors
- Post-liquidity risk allocation/portfolio objectives

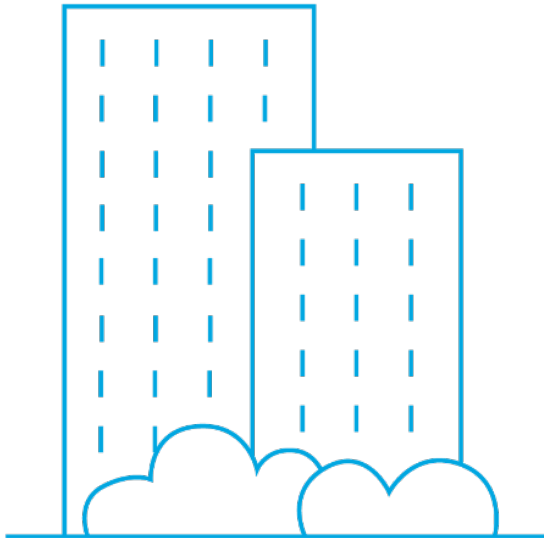


Post-liquidity

building the future

Top issues

- Confronting uncertainty
- Realigning/restructuring advisor team
- Operationalizing values
- Post-event estate planning/management
- Life event changes
- Ongoing investment strategy
- Reevaluation of tax planning/strategy
- Deferred sale payments
- Risk management
- Equity-carry
- Business wind-down activities



What ideas have you seen with proper tax planning pre liquidity event?



QUESTIONS AND ANSWERS

THANK YOU FOR
YOUR TIME AND
ATTENTION



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