

The Biggest Business Transition

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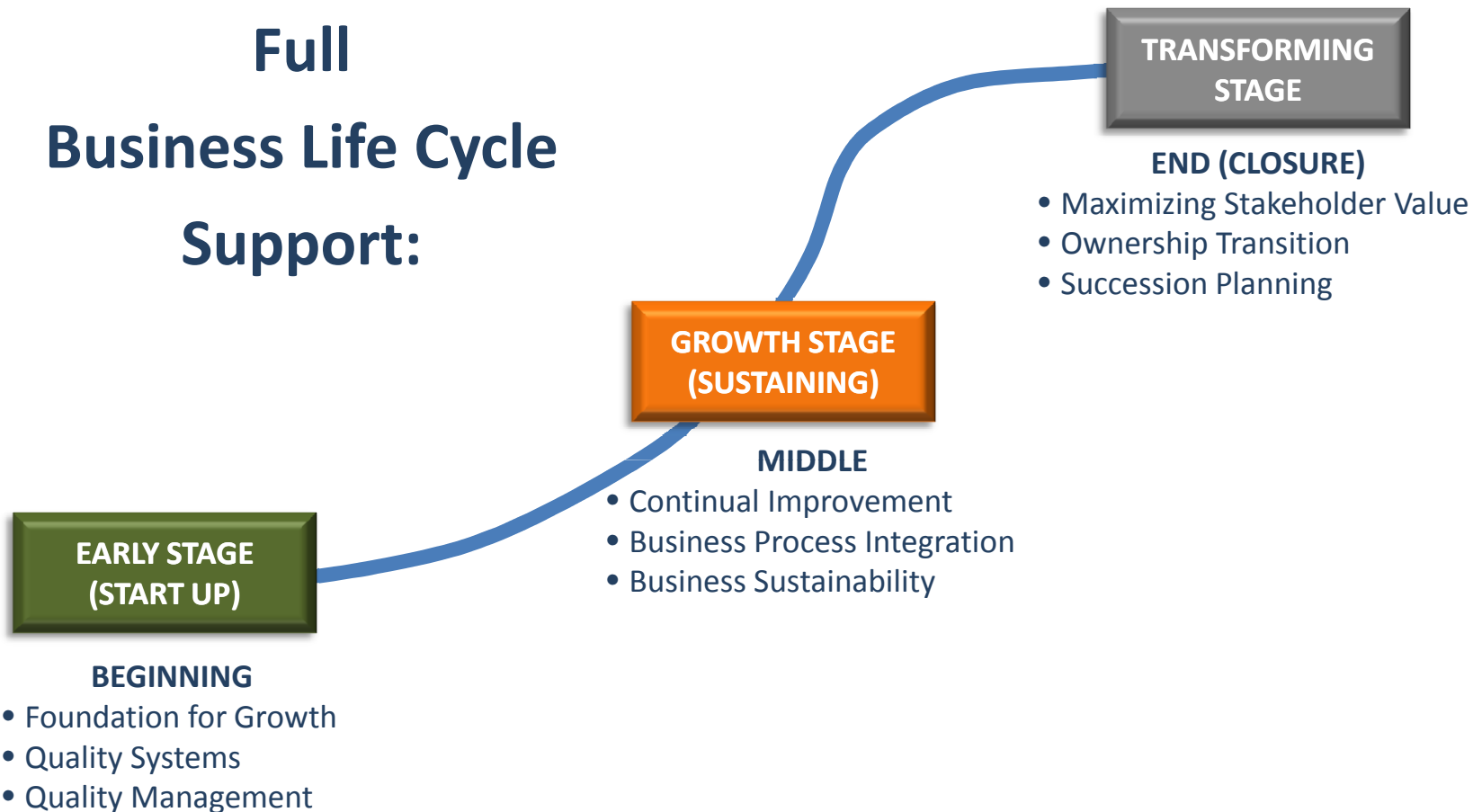


Systems thinking for a Systems world...

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ABOUT ADVYSE

Full Business Life Cycle Support:



“No Enterprise is too small to Profit from a little Systems Thinking...”

INTRODUCTION

FACT OF LIFE: NOTHING IS FOREVER

SOONER OR LATER, YOU WILL LEAVE YOUR BUSINESS:

- **Business Failure**
- **Acquisition, Sale, Transfer**
- **Retirement**
- **“Dying at your Desk”**

***WHAT HAPPENS TO YOUR BUSINESS AND YOU
DEPENDS ON WHAT YOU DO TODAY !!!***

ECONOMIC FACTS & FORECASTS

- **9.2 Million US Business Owners are over 50 years old**
 - Will account for 65 – 75 % of Small Businesses on the market over the next 5 – 15 years
 - ~ \$ 10 Trillion in Business Equity will be transferred
- **84 % of Business Owners are depending on Sale Proceeds for the next phase of their lives**
 - ~ 80 % of a Business Owner's personal wealth is in the business
 - 60 % of Business Owners between 55 and 64 have not discussed their transition plans with spouses or partners
 - 78% of 'Baby Boomer' Business Owners do not have written Succession Plans

IMPORTANCE OF THE BUSINESS

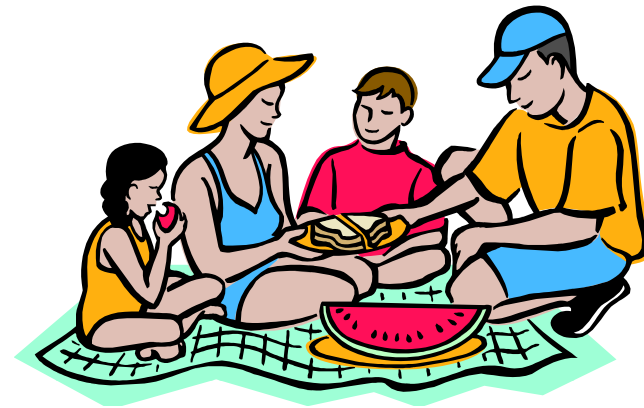
- **Small & Medium Businesses account for:**
 - > 50 % of Private Sector Employees
 - > 50 % of nonfarm private GDP
- **Most Businesses have a web of stakeholders:**
 - Customers
 - Employees
 - Vendors
 - Community
 - Etc.



Every Business is Important to Its Stakeholders

IMPORTANCE OF THE OWNER

- **Business Owners also have a web of relationships:**
 - Family & Friends
 - The Community
 - The Trade / Profession
 - The Economy

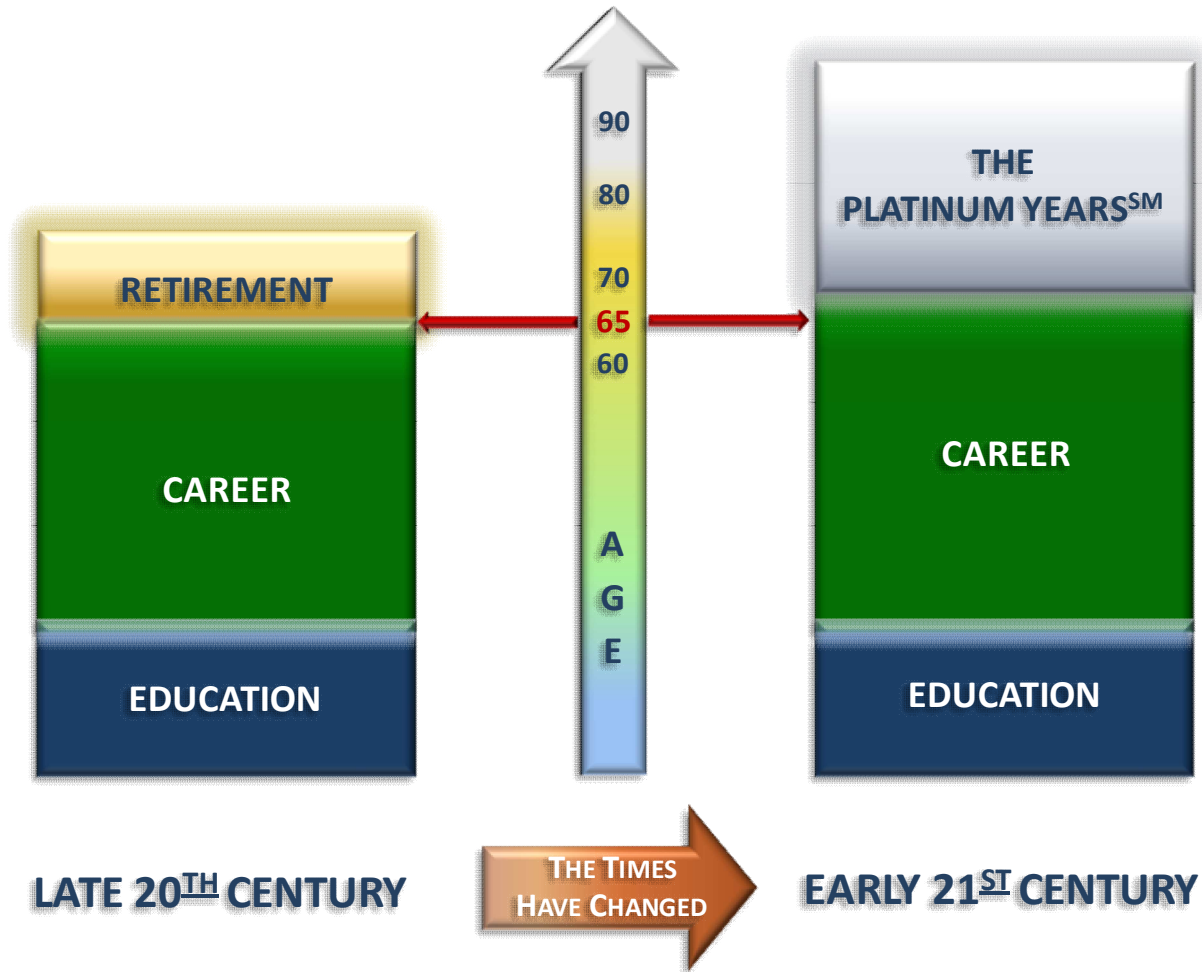


- **And, a Wealth of Experience**

You have a lot to offer

--- And a lot of time to offer it...

MORE FACTS OF LIFE



Our increased Life Expectancy Has Created New Opportunities

EXITS, TRANSACTIONS, AND TRANSITIONS

- **EXITS**

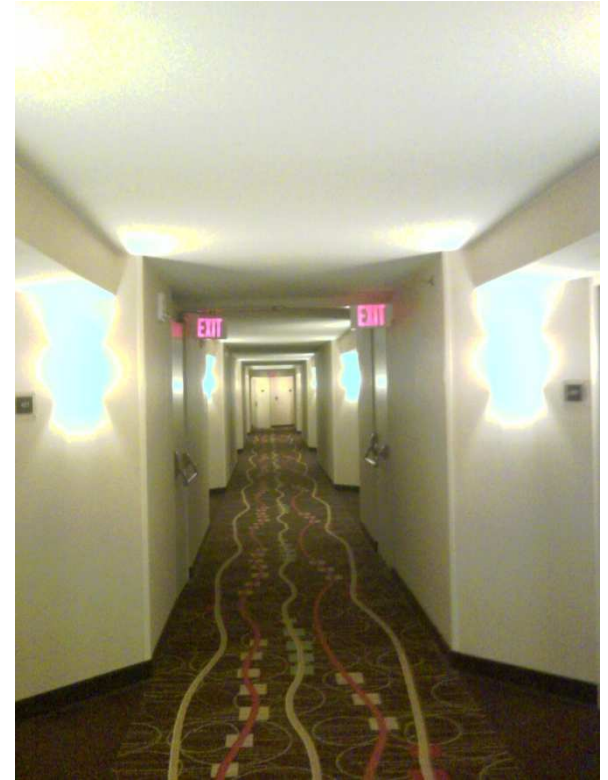
- One sided-doors
- Unknown consequences
- What's on the other side is unknown

Process: **END**

- **TRANSACTIONS**

- “If this, then that”
- Closed --- Short Term
- Well defined Goals and Consequences

Process: **BEGINNING → MIDDLE → END**



Words Matter !!!

EXITS, TRANSACTIONS, AND TRANSITIONS (cont.)

• TRANSITIONS

- “If this, then maybe this, maybe that, depending upon...”
- Modification or adaptation in response to a change
- Open, Long-Term Duration and Outcomes
- Spectrum of Options / Palette of Scenarios



Process: END → MIDDLE → BEGINNING

OBSTACLES TO (BUSINESS) TRANSITION PLANNING

- **Fear of Loss of Identity**
- **Leaving feels like “death”**
- **Fear of an Unknown Future**
- **Discomfort with discussing personal emotions**
- **Think it’s “to early” to plan**
- **Fear that the process will be too complicated**
- **Don’t know experienced Advisors who can help**
- **Fear of becoming “Irrelevant”**

IMPORTANCE OF TRANSITION PLANNING

- **If You Don't Plan Your Future, It Will Be Planned for You**
- **Transition without a Plan is like Driving Blindfolded:**
 - Emotional content clouds judgment
 - Reaction to events & symptoms rather than response to the environment
- **Proper planning can reveal a wide range of options**
 - Avoid choosing “the lesser of two evils”
 - New possibilities

“The best way to predict the future is to invent it.”

THE PERSONAL TRANSITION PLAN

- **Personal Transition Planning Must Be Done First:**
 - Emotional Commitment
 - What You Will Need Depends on What You Plan to Do !!!
- **Plan a Life That You Can't Wait to Live**
 - Who You Will Be
 - What you Will Do
 - A PULL not a PUSH



THE BUSINESS TRANSITION PLAN

- **Project Team:**
 - Your CPA
 - Your Attorney
 - Your Personal Financial Advisor
 - Your Wealth Management / Investment Advisor
 - Merger & Acquisition Advisor
 - Estate Planning Attorney
 - Business Insurance Advisor
 - Etc.
- **Multiple Transfer Options:**
 - To Partner / Co-Owner
 - To Family Member
 - To A Key Employee
 - To All of Your Employees (ESOP's, etc.)
 - Directly to an Outside Buyer
 - Through a Business Intermediary to an Outside Buyer
 - Private Equity Recapitalization

PUTTING IT ALL TOGETHER

- **Be Prepared:**
 - Know Your readiness for transition
 - Know your Business' readiness for transition
- **Know Yourself:**
 - Who you really are (not just what you do)
 - What your fears are
 - How you make decisions
- **Know your Business:**
 - How much it is really worth
 - What you most value in it
 - Who relies on it
- **Know what you want:**
 - For Yourself
 - For your Business

SUMMARY

- **Sooner or Later You & Your Business Will Part**
 - How Do You Want to Leave ??
 - When Do You Want to Leave ??
 - Who Do You Want to Be After You Leave ??
 - How Do You Want the Business to Continue ??
- **Early Planning is Essential**
- **The Market for Business Sales is Changing**
- **There is Hope...
There is Help...**





Contact information

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Business Process Integration ~ Transition Planning ~ Quality Management

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