Seminar Series

Business Owner Readiness – Key to a Successful Exit.

BOSS

Business Owners Strategic Solutions

THE SUCCESSION JOURNEY SERIES

DISCLAIMER

Things my attorneys make me say.

- *This presentation is for informational purposes only and does not constitute legal, financial, or tax advice. Business owners should consult with their own legal, financial, and tax professionals before making any decisions related to business transitions or exit strategies.*
- ***Wolcott Rivers, PC dba Wolcott Rivers Gates is not affiliated with Business Owners Strategic Solutions, LLC ("BOSS"). BOSS is a separate entity of David M. Bastiaans. The presenters and their respective company are not affiliated with BOSS but partner with BOSS in the dissemination of information to business owners.***
- ***BOSS does not provide any services. BOSS is an educational resource for business owners interested in succession planning.*** *If you are interested in any services, please contact the presenter directly.*
- *The BOSS mission is to empower business owners to transform their enterprises into valuable assets. We provide innovative business coaching and strategic insights to help you view your business through a new lens, optimize its potential for sale, and enhance its overall value. Through valuations and educational content, we are dedicated to guiding you towards sustainable growth and a more profitable future, ensuring your business achieves its highest potential both today and tomorrow when the owner is ready to transition from their business on their timeline and on their terms.*

BUSINESS OWNER READINESS

- Your business is more than an asset—it's a vehicle for personal freedom, financial security, and generational impact.
- I am a firm believing in starting with the owner and not the business.
- The business owner needs to be fulfilled personally and financially. If the business owner does not understand their own happiness how will they be happy in their next stage of life.
- Assessing those needs are essential for the business owner to strive to achieve their goals.
- Part of the assessment process is determining what interest the owner has, what is the cost of living their lifestyle, whether their assets both nonbusiness and business assets will be sufficient to sustain that lifestyle ("Wealth Gap") and whether the business value can make up the Wealth Gap or will it be insufficient ("Value Gap").
    - If not the Business Owner has a Wealth Gap – insufficient wealth to fund the desired lifestyle or Value Gap – current business value is insufficient to meet the Wealth Gap.
- Understanding these gaps helps you make informed decisions, align your planning, and take control of your future.

EVEN KEEL
Wealth Advisors of
RAYMOND JAMES

Business Owner's Assessment of "Readiness" to Exit

Agenda

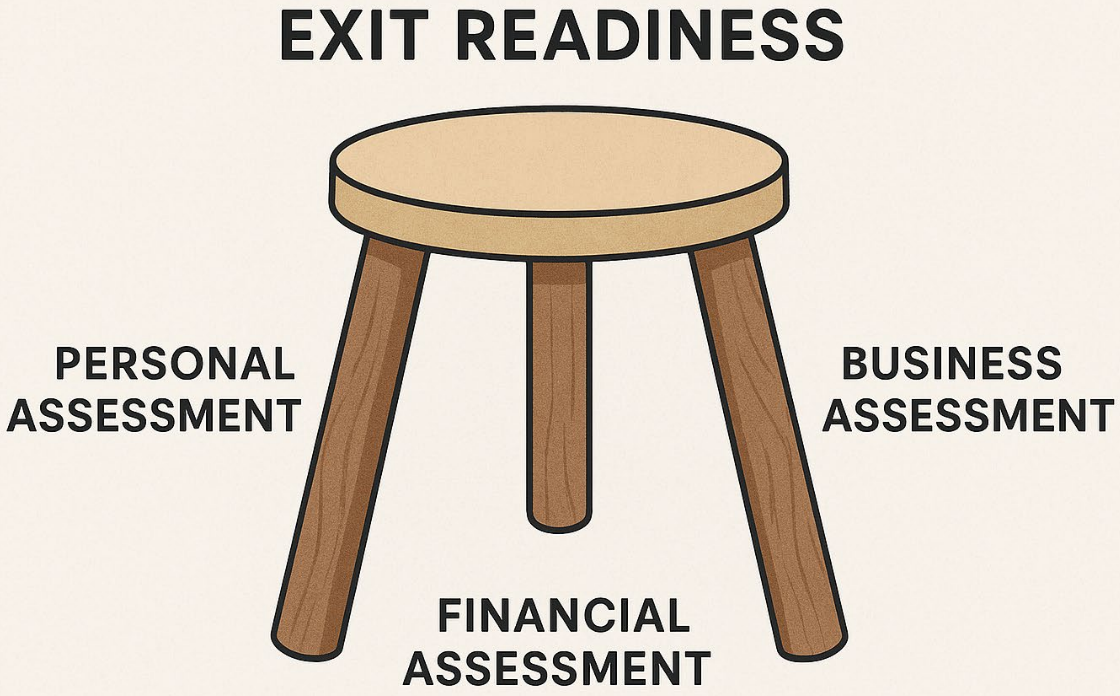
- The Personal Leg
- The Financial Leg
- The Business Leg

Exit Planning Institute Current State of Readiness Report

- 75% of business owners intended to transition within the next 10 years, indicating a potential shift in the number of privately-held businesses and wealth transitioning by 2033.
- The Exit Planning Institute (EPI) reports that 70% to 80% of businesses listed for sale will never sell.
- Generational differences significantly impact exit planning, with younger business owners being more inclined to engage in exit planning compared to their older counterparts.
- Generational gaps in financial readiness exist, with many older owners do not feel financially prepared and also admit lacking efforts in areas such as tax and estate planning.
- Lack of transition teams is a common issue, highlighting the need for a multi-disciplinary advisory team to support business owners in their transition planning.

EPI's The 3-Legged Stool framework

- A stool needs 3 legs to stand. In exit planning, the 3 legs of our stool include the personal leg, the financial leg, and the business leg. Without these, an exit can become unstable and lead many emotional or financial consequences.



1. The Personal Leg

BEGINNING TO BUILD AN EXIT STRATEGY STARTS WITH ASKING QUESTIONS:

Who are you outside your business and what are your goals in life?

By asking these questions, we begin to formulate:

- Written personal goals
- Ensure you have developed an identity and purpose after exiting.
- What will you do with your time?
  - Volunteer, coach, spiritual exploration, family

There are 8 key components of the personal leg.

1. Define what you want to achieve after exiting.
2. Step-by-step plan for reaching those objectives.
3. Clarify your identity beyond the business.
4. Evaluate emotional preparedness for exit.
5. Identify potential risks during post-exit.
6. Mitigate those risks.
7. Estate planning avoid disputes and wishes are honored.
8. Make sure to align personal goals with financial resources.

PERSONAL LEG COMPONENTS

- **Written Goals and Objectives**
- **Written Action Plan to Achieve Goals**
- **Written Personal Purpose and Core Values**
- **Personal Readiness Assessment**
- **Documented and Updated Personal Financial Strategy**
- **Written Estate Plan**
- **Written and Updated Will**

2. The Financial Leg

ENSURING THE FINANCIAL READINESS DURING AN EXIT PLAN.

The Wealth Gap Analysis and What is it?

Determining the wealth gap helps determine:

- Illustrates what you will need to harvest from the business value when exiting…..after taxes!
- Ensures you can fund the post exit lifestyle you established in the personal leg.

The wealth gap equation is simple:

Wealth gap = Wealth goal – Current Net Worth

The process to determine the “Wealth Gap”

- It’s typical for a business to be about 80% of the business owners net worth and its ILLIQUID
- To identify a wealth gap for a business owner, we can take these steps:

- Assess Current Wealth: Determine the value of the business, retirement accounts, real estate, and investments.
- Set Financial Goals: Define the actual amount needed to fund future goals, including retirement, family aspirations, longevity.
- Calculate Required Wealth: Subtract the current wealth from the required wealth to find the wealth gap.
- Align with Financial Goals: Is the current business value enough to fill in the gap? If not (or even if it is) the owner should consider improving the business value with various value enhancement efforts.
- <u>Endgame: By understanding and addressing the wealth gap, business owners can ensure they have the financial resources to maintain their desired lifestyle after exiting their business.</u>

There are 8 key components of the financial leg.

1. Establish the foundation and plan how to harvest business value.
2. Without understanding business value, you can't close the gap.
3. Align personal goals with financial resources (Financial Planning).
4. Estate plans help maximize wealth and minimize tax burdens.
5. Reduce financial vulnerability (mitigate personal risk).
6. Create financial security post-exit (annual reviews, longevity planning, evaluating asset allocation often, etc.).
7. Ensure your wealth doesn't erode significantly. Consider products that have significant downside protection.
8. Determine timing and enjoy your financial success/outcome.

Different Lifestyles Create Different Wealth Gaps!

Which one would you prefer?

Example 1: Business Owner with a Modest Lifestyle

- Example 1: Business Owner with a Modest Lifestyle
- Current Annual Spending: $150,000
- Desired Retirement Lifestyle: Maintain similar spending, no major luxury purchases, very occasional travel.
- Estimated Retirement Horizon: 25 years
- Required Wealth Calculation:

  $150,000 × 25 years = $3.75M

  Add inflation and healthcare buffer (~20%) → $4.5M total need
- Exit Scenario:
- Business valuation: $6M
- After taxes and fees: $4.8M
- Result: Owner meets lifestyle needs with a small cushion. Wealth gap = $0 (or minimal).
- Wealth Gap Equation:

Wk^zér 5 ^á = / ñsé Jä~gkki ã − Mkâèsäki Wk^zér

Wk^zér 5 ^á $= 4.8M - 4.5M = 0M$

Example 2: Business Owner with a Moderate Lifestyle

- Current Annual Spending: $300,000
- Desired Retirement Lifestyle: Comfortable living, regular travel, some luxury but not extravagant (e.g., one vacation home, charitable giving).
- Estimated Retirement Horizon: 25 years
- Required Wealth Calculation:

  $300,000 × 25 years = $7.5M

  Add inflation and contingency (~7%) → $8M total need
- Exit Scenario:
- Business valuation: $9M
- After taxes and fees: $6.5M
- Result: Owner falls short by $1.5M.
- Wealth Gap Equation:

Wk^zér 5 ^á = / ñséJä~gkki ã − Mkâèsäki Wk^zér

Wk^zér 5 ^á $= 6.5M - 8M = -1.5M$

Example 3: Business Owner with a High-End Lifestyle

- Current Annual Spending: $500,000
- Desired Retirement Lifestyle: Luxury travel, second home, gifting to family, philanthropy.
- Estimated Retirement Horizon: 25 years
- Required Wealth Calculation:

  $500,000 × 25 years = $12.5M

  Add inflation and lifestyle upgrades (~30%) → $16M total need
- Exit Scenario:
- Business valuation: $10M
- After taxes and fees: $8M
- Result: Owner falls short by $8M. Wealth gap = $8M.
- Wealth Gap Equation:

Wk^zér 5 ^á = / ñsé Jä~gkki ã − Mkâ è säki Wk^zér

Wk^zér 5 ^á $= 8M - 16M = -8M$

3. Can your business run without you?

Trust me, potential purchasers want to know. They are willing to pay for it.

A business owner should honestly answer these types of questions:

- Is your team empowered to lead without your daily involvement?
  - Have you clearly delegated roles and responsibilities for them?
  - Have you set clear goals and expectations of continued business operations?
- Have you built systems, policies, and procedures to ensure continuity and value beyond your exit?
  - Are they written down and can they be easily accessed for employees and future purchasers?
- Have you encouraged "Ownership" culture?
  - Have you fostered a work culture where employees take ownership and responsibility for their work?

Why do we ask these 3 valuable questions?

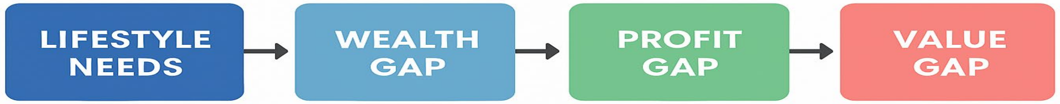
These 3 questions come together to form what we call a personal assessment for business owners.

- Many business owners believe an exit strategy begins with the business.
- In reality, it is critical that the owner has a good grasp on personal, wealth, and business legacy goals and their overall readiness to exit first.
- Business owners should take the time to thoroughly consider how their exit will affect them personally as well as other stakeholders such as their family and employees. All parties will be better off with a successful exit.

Where is this eventually going?

-Probably Value Enhancement Efforts

-Another story for another day



- If the wealth gap exists, the owner often needs to increase business value before selling.

- To increase value, the business must generate higher profits because valuation is typically tied to earnings (EBITDA or SDE) and also create a higher multiple

- Higher profits lead to higher valuation multiples or at least a higher base value.

- Closing the Value gap often requires operational improvements, strategic growth, or risk reduction to justify higher multiples.

Thank you

Michael J. Fowler

Senior Vice President, Investments

mike.fowler@raymondjames.com

757-807-2841

Home | Even Keel Wealth Advisors | Norfolk, VA

IMPORTANT DISCLOSURES

This content was created with the assistance of artificial intelligence (AI). While efforts have been made to ensure the quality and reliability of the content, it is important to note that AI-generated content may not always reflect the most current developments or nuanced human perspectives.

Much of the Material prepared by Exit Planning Institute, is an independent third-party and not affiliated with Raymond James.

Securities offered through Raymond James Financial Services, Inc., member FINRA / SIPC.
Investment advisory services offered through Raymond James Financial Services Advisors, Inc.

Raymond James financial advisors may only conduct business with residents of the states and/or jurisdictions for which they are properly registered. Not all investments and services are available in every state or country.

This material is for informational purposes only and is not a recommendation to buy or sell any security, nor is it intended as tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.

Any opinions are those of the presenter and not necessarily those of Raymond James. Past performance may not be indicative of future results. Investing involves risk, including the possible loss of capital.

BUSINESS ENHANCEMENT SEMINAR SERIES, AND TOPICS OF INTEREST

Scheduled Seminar:

In addition to the succession planning series, there will be other seminars throughout the year on various topics of interest such as business assessments and enhancements, employee benefits, financial planning, tax planning, and business coaching.

If there are particularly topics of interest you would like to share, please email your suggestions and recommendations to info@theoneboss.com.

SUBSCRIBE AND JOIN THE COMMUNITY

VISION
To be the leading catalyst for business transformation, fostering a thriving community where owners harness their enterprise's full potential. Through valuations, targeted coaching, and strategic succession planning, we aim to elevate business value and empower growth. By creating a dynamic membership community enriched with interactive discussions, exclusive events, and cutting-edge educational resources, we envision a future where every business owner is equipped to drive lasting success and achieve their highest aspirations.

SUBSCRIBE
Please subscribe to receive informational content emails, blogs, announcements for seminars and presentations. To subscribe go to www.theoneboss.com and select the subscribe now button … Subscription Signup — BOSS -- Business Owners Strategic Solutions (theoneboss.com). If you want access to resources, please consider joining as a member … Membership Signup

JOIN THE COMMUNITY
Business owners have a lot to share and benefit from other business owners. Join the community board to ask questions, offer insights and recommendations. To join the community board go to www.theoneboss.com and select Community Board … Community Board (theoneboss.com)

CONTACT US!!

CONTACT US

Website: www.theoneboss.com
Email: info@theoneboss.com
Phone: 757-600-7309

FOLLOW US

LinkedIn: https://www.linkedin.com/in/david-bastiaans-624694263
Facebook: https://www.facebook.com/profile.php?id=100090264010224
YouTube: https://www.youtube.com/channel/UC24_skQ7zZFjmcRaPff0lLg

CONTACT OUR PARTNERS!!

CONTACT OUR PARTNERS

Gary Baum – Acuity Valuation - gwbaum@acuityval.com – 757-304-0798
Michael Fowler – Raymond James - Mike.Fowler@raymondjames.com – 757-807-2841
Bernd Haase – The Alternative Board – bernd@tabhamptonroads.com – 757-606-9966
Clint Minarik – Dollar Bank - CMinarik346@dollarbank.com – 757-646-507
Barb Smith, CPA – Cherry Bekaert - bsmith@cbh.com – 757-621-0322

Information about our partners can be found on the website here …

www.theoneboss.com/boss-partners/

NEXT SESSION – BUSINESS VALUATION

Filling the Value Gap with Business Valuation
December 16, 2025
7:30 am to 9:00 am
4417 Corporation Lane, 1st Floor Seminar Room
Virginia Beach, Virginia 23462

Presenter: Gary Baum, MBA, CPA/ABV, CVA

Gary Baum, the principal of Acuity Valuation has substantial experience in the appraisal of business entities and business interests. Valuation assignments include appraisals for estate and gift tax purposes, mergers and acquisitions, ESOP compliance, litigation support, and the valuation of fractional interests in undivided property. He has qualified as an expert witness in various courts and is experienced in giving testimony.

Help Us Grow — Your Feedback Matters!

Your insights help us improve—and your reviews help others find us.

How You Can Help:
Leave a review on Google……

Thank You for Supporting Our Mission to Empower Business Owners!