



ASSEMBLING THE ULTIMATE TRANSITION TEAM

WRITTEN BY

TOM BRONSON

“Find a group of people who challenge and inspire you, spend a lot of time with them, and it will change your life forever.”

Amy Poehler



When you decide it's time to work toward that dream transition - no matter what it looks like - you'll need to assemble a killer transition team to get the job done. The makeup of the team truly depends on the transition strategy. There are "common denominators" that work across all strategies (we'll call those core advisors), and there are specialists that may be needed for certain strategies.

Those core advisors include a certified exit planning advisor (CEPA), a certified public accountant (CPA), a certified financial planner (CFP), a transaction attorney, an estate planning attorney, and an insurance professional.

The "specialists" may include a family counselor (for family businesses), an ESOP specialist, a philanthropic advisor, a business broker (for small businesses) or an investment banker (for larger businesses) among others. Let's take a deeper look at the roles each of these advisors play.

CORE ADVISORS

core ad●vis ●ors

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n. advisors that are
common to all transaction
types



CORE ADVISORS

- **CERTIFIED EXIT
PLANNING ADVISOR
(CEPA)**

The first person to find when you start assembling your Ultimate Transition Team is a Certified Exit Planning Advisor or CEPA. A professional with a CEPA designation goes through rigorous training (think MBA-style) and sits for a four-hour proctored exam to earn that certification. A CEPA can help you make informed decisions regarding your exit strategy. They will help you understand your exit options, explore your desired outcomes, and will even have a network of other professionals to help you build the ultimate team you will need to achieve your desired result.

A great CEPA will not only help you understand the value of your business but will also have tools to help grow the enterprise value to achieve your goals.



CORE ADVISORS

• **CERTIFIED PUBLIC ACCOUNTANT (CPA)**

Almost all businesses have a CPA working with them to produce financial statements and tax returns. So, chances are, the business already has a competent CPA for that type of work. But, all CPAs are not created equal. As a business owner starts moving toward the desired exit, he might need to evaluate bringing in a separate CPA with the experience to handle transaction work. The primary question we ask our clients about their relationship with their CPA is whether they are proactive (acting as a surrogate CFO and advisor) or reactive (only producing what's asked of them). If they are proactive, you might have the right CPA to carry you toward the transition. If they are reactive, you might need to start looking for someone else.

The role of the CPA in a business transition is two-fold - 1) the work required to run the business and prepare it for a transition event and 2) planning and validating the desired outcome. The second part includes some specialized work to evaluate the tax status, minimize tax consequences post-transition, purchase price analysis and due diligence assistance. Transaction CPAs can also provide good financial modeling tools, benchmarking and valuation validation. Frankly, I could go on and on regarding the role of the right CPA, but these are the highlights.





• TRANSACTION ATTORNEY

Just like a CPA, it is likely that most businesses have used an attorney at some point. And, just like CPAs, attorneys are not all cut from the same cloth. Typically, attorneys are specialists in some section of the law - real estate, business, litigation, estate planning, tax, whatever. As you start assembling your Ultimate Transition Team, it is important to make sure that your attorney has the right credentials.

CORE ADVISORS

Typically attorneys that specialize in business law are experts at contracts and transactions. You'll want to make sure that your attorney has a solid track record when it comes to transactions and business transitions. A great business attorney can help evaluate the transition options, draft or review the agreements required for your transition, and can help minimize risks, retain key people and provide advice for incentive programs among the myriad of services they can provide. They may be able to help with tax planning, negotiations, and due diligence. Make sure you have the right attorney for your planned exit strategy. Some attorneys are CEPAs, but if your is not, your CEPA can help evaluate your options.



• ESTATE PLANNING ATTORNEY

Most people think they only need an estate planning attorney if they have an estate large enough to cause tax consequences during the transition. Actually, everyone needs an estate planning attorney to make sure a proper will is created to ensure that your wishes are carried out regardless of the size of your estate. And, if your estate is large enough to trigger a taxable event, a good estate planning attorney will work with the CPA and business attorney to minimize taxes when the time is right.

CORE ADVISORS



- **CERTIFIED FINANCIAL PLANNER (CFP)**

A common misconception we hear frequently is that business owners assume they don't need a financial advisor or certified financial planner (CFP) because the bulk of their net worth is tied up in their business. This could not be further from the truth. Even if you don't have tons of liquid assets (cash, stocks, bonds, etc.), a good financial planner can help you understand what you will need to retire with your lifestyle.

A CFP can also help craft and fund retirement plans and non-qualified employee benefits while you still own the business. Post transition, they can help develop a plan to protect your wealth to ensure it lasts as long as you do. Many CFPs also provide insurance, which we'll talk about next.

- **INSURANCE PROFESSIONAL**

Once upon a time, you needed to have different advisors for wealth management and insurance. Now, the lines are somewhat blurred between the two of these professions. Make no mistake, each function is important in crafting your desired outcome, but both roles may be filled by the same person. Just like a CFP, a qualified insurance professional can assist in designing retention and incentive programs for key employees, non-qualified deferred compensation plans and fund buy-sell agreements with existing owners.

SPECIALISTS

spe●cial●ist

\spe - sh(e)list\

n. one who specializes in a particular occupation, practice, or field of study. Advisors that specialize in certain transaction types.



• FAMILY COUNSELOR

If you run a business that is considered a family business, you might consider adding a family counselor to your transition team. If your family business includes some family employees as well as others who are not part of the business, you definitely need to include a family counselor.

A family counselor is specially trained to understand all of the family dynamics as it relates to the business. They explore those dynamics from all angles, including entitlements, family assets, and fairness. As they work to uncover each family member's expectations, they can help fit all of the pieces of the puzzle together so that everyone's needs are addressed.



SPECIALISTS



• ESOP SPECIALISTS

If, when working with your core advisors, you have determined that the best transition strategy is forming an ESOP (employee stock ownership plan), you will definitely need to engage with a firm that specializes in ESOP planning and formation. The ESOP firms have attorneys, counselors and tax professionals on staff to assist in developing a strategy to reach your desired outcome.


• PHILANTHROPIC ADVISORS

Many business owners, regardless of the size of their estate, want to have some portion of it designated for philanthropic causes. Philanthropic Advisors can help evaluate options and make smart, informed decisions regarding charitable trusts.

• INVESTMENTS BANKERS & BUSINESS BROKERS

Investment bankers and business brokers have very similar roles in a transaction - they are the agents engaged to sell the business. Think of them like a real estate agent. Business brokers typically represent smaller transactions (usually under \$10M in enterprise value) and investment bankers represent the larger transactions. They can provide an estimate of enterprise value, a list of information to gather, create an offering memorandum and list the business for sale. They typically charge a “prep” fee, and they get paid as a percentage of the sale price at closing.

The really good ones proactively approach prospective buyers confidentially to generate interest. Business brokers will almost always “list” the business for sale on their website and other listing sites. Investment bankers take a more targeted approach. Of course, all of this is a way oversimplified. Each agent takes their own approach, and it is important to select the right one when the time is right. We have a network of brokers and bankers, and we work to match the right one with prospective sellers.

A photograph of three skydivers in formation against a bright blue sky with scattered white clouds. The skydivers are wearing colorful jumpsuits (red, white, and black) and are holding hands, forming a triangular shape. The text is overlaid on the upper portion of the image.

The ultimate transition team works together and maintain contact with one another to stay on the same page and help reach your goals. That's why it is so important to build a great transition team to get the job done.

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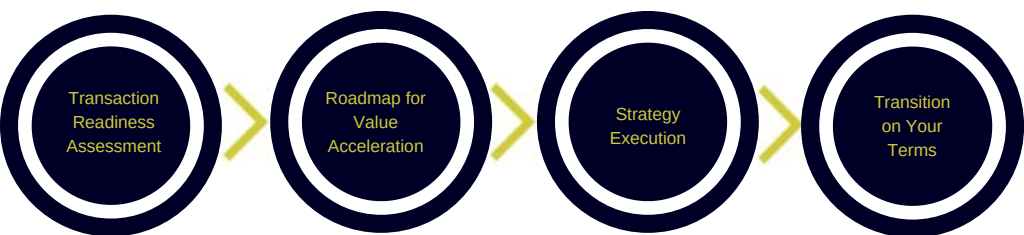


Remember the time with your grandfather?
With the right plan, your grandson can have
the same.

Your business is an asset that can work for you when it's time.

Are you stuck?

We take the mystery out of **EXIT** strategies
with our 4-Step Process.



**Our proven strategy helps business owners
maximize business value, design an exit strategy,
and transition their business on their terms**



REACH OUT TO US TODAY!

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