

The “Cashing Out” Study Group

Curriculum 3.5

Session 1. **The Question Nobody’s Asking**

Most middle-aged business owners have a question their advisors never seem to discuss: “how will I cash out of my business when the time comes to retire?” Advisors feel unsure discussing the “cashing out” topic so few do. That spells trouble for owners and a missed opportunity for advisors. Advisors who raise the issue insure they remain at the table during *and after* the most important transition owners navigate.

Session 2. **Know What They’ve Got** (Cashing Out Step 1)

Successfully “cashing out” starts with knowing what the business is worth, so advisors should understand key concepts including the market, income and asset valuation approaches, and discounting for lack of marketability and lack of control. This session also considers the pros and cons of using ‘rules of thumb’.

Session 3. **Responding To Concerns**

Tell owners to get a valuation and often they respond with predictable (but misinformed) concerns. But unless advisors can allay those concerns, the cashing out process will grind to a halt. This session suggests time-tested methods to overcome resistance so your process stays on track.

Session 4. **Grow What They’ve Got** (Cashing Out Step 2)

Owners who find their businesses are worth less than expected often want a ‘profit roadmap’ to increase sales and/or cut costs, because both will boost a company’s value. This session shows how, if you know what to look for, a firm’s financial statements provide a clear roadmap to higher profits.

Session 5. **Know Their Exit Options** (Cashing Out Step 3)

There are six ways to cash out of a business: (1) sale to an outsider, (2) management buy-out, (3) ESOP, (4) private equity recapitalization, (5) gifting or (6) forced liquidation. This session analyzes the pros and cons of each – something advisors and owners should discuss before selecting one.

Session 6. **How To Start The Conversation**

This session introduces several ways advisors can focus attention on the cashing out issue, and motivate business owners to act.

Session 7. **Centers Of Influence**

Business owners usually get advice from a CPA, an attorney, a banker, an insurance agent and a financial advisor. Unfortunately for owners their advisors are often ‘siloed’ and rarely talk with each other. This session explores how to use the cashing out process to build relationships with other centers of influence.