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Succession and Exit Planning: A Holistic Approach

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Brian Gensch
Vice President,
Wealth Management

Todd Richardson
Vice President,
Corporate Finance

Daniel White
Consultant,
Organizational Development

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BRIAN GENSCH

VICE PRESIDENT
WEALTH MANAGEMENT

- Certified Financial Planner™ Practitioner
- Master's in Family Financial Planning
- More than 10 years of experience in open-market investments and planning

Focus on private wealth management and leads the comprehensive wealth plan service

Administration

TODD RICHARDSON

VICE PRESIDENT
CORPORATE FINANCE

Certified Public Accountant

25 years of private industry experience with a background in real estate, retail, hospitality and manufacturing

Expertise in strategic planning, financial modeling and retail mergers and acquisitions

DANIEL WHITE

CONSULTANT
ORGANIZATIONAL DEVELOPMENT & FAMILY BUSINESS

Expertise in strategic planning, leadership development, family business consulting and employee engagement

Experience teaching masters-level courses in organizational development

Today's objectives

1) Identify the key areas to consider in succession and exit planning.

2) Understand a holistic view of succession and exit planning.

3) Learn the process for a successful business transition.

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Polling question #1

Please answer for continuing education credit

Succession planning truths

- All closely held businesses must transition ownership
- Ownership transition and management transition must both be addressed
- Only 40% of owners have a business succession plan in place*
- 47% of business owners who do not have a succession plan believe it is necessary

** Nationwide Small Business Owner Study conducted by Harris Poll, February 7, 2017*

Keys to a successful exit

Personal readiness

Business readiness

Marketability

Family readiness

What success looks like

- Maximized business value
- Set up for future success
- Secured financial future
- Purpose for the future
- Healthy relationships

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Brian’s impact

Personal readiness	Business readiness
Marketability	Family readiness

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Hypothetical illustration

Personal readiness & family readiness

Creating a financial pathway

- Entering distribution phase
- Maneuvering through taxes
- Understanding plan risks
- Defining what legacy to leave

Entering distribution phase

Financial transaction details

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Entering distribution phase

Importance of value received

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Entering distribution phase

Philanthropic desires

Creating a financial pathway

- Entering distribution phase
- Maneuvering through taxes
- Understanding plan risks
- Defining what legacy to leave

Maneuvering through taxes

Projecting out tax payments

Maneuvering through taxes

Asset relocation planning

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Creating a financial pathway

- Entering distribution phase
- Maneuvering through taxes
- Understanding plan risks
- Defining what legacy to leave

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Understanding plan risks

Market returns

Understanding plan risks

Company health

Creating a financial pathway

- Entering distribution phase
- Maneuvering through taxes
- Understanding plan risks
- Defining what legacy to leave

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Defining what legacy to leave

Business-related children vs.
non-business related children

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Defining what legacy to leave

Access vs. amount

Creating a financial pathway

- Entering distribution phase
- Maneuvering through taxes
- Understanding plan risks
- Defining what legacy to leave

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Polling question #2

Please answer for continuing education credit

Defining your purpose

Sugar rush at retirement

- Happiness
- Wellbeing
- Life satisfaction

Sugar crash of retirement

- Happiness
- Wellbeing
- Life satisfaction

The value of actively doing

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The value of actively doing

Redefining your

- Purpose
- Meaning
- Identity
- Healthiness

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Todd’s impact

Personal readiness	Business readiness
Marketability	Family readiness

Business readiness

Business readiness – overview

- The reason for selling
- The value of the business
- The timeline for a potential sale or transition
- "Getting your ducks in a row"

Why do you want to sell your business?

- Need for liquidity
- Health issues
- Transition to next generation
- Other

What is your business worth?

- Business valuation services
- Proceed with caution

Polling question #3

Please answer for continuing education credit

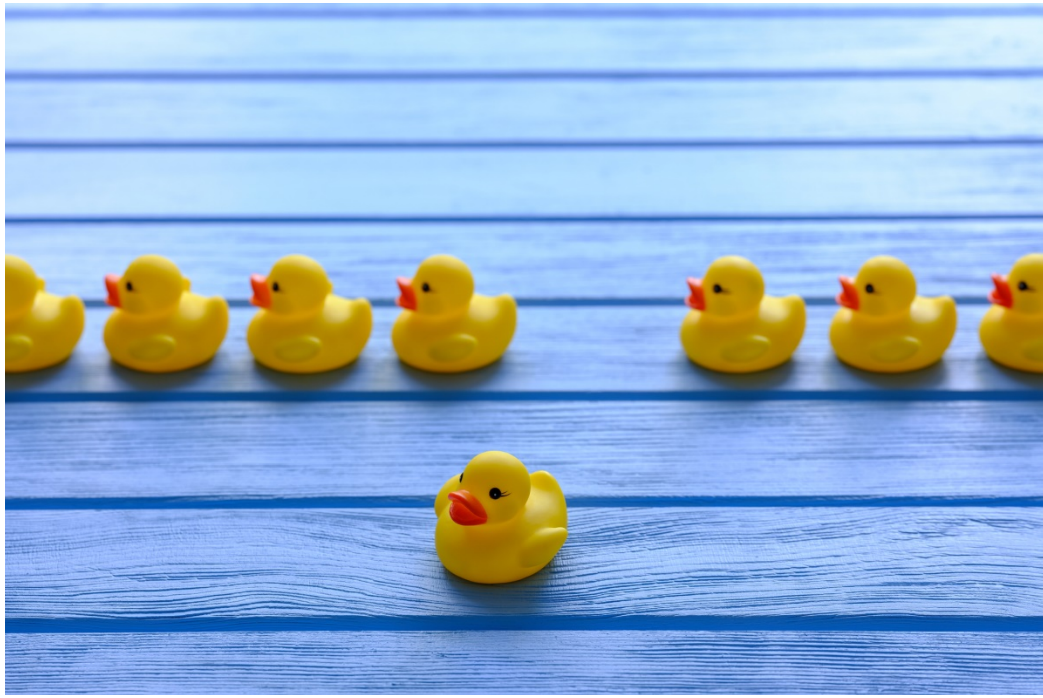
How long will you wait?

"Never leave till tomorrow that which you can do today."

- Benjamin Franklin

Are your ducks in a row?

- What story do your financial statements tell?
- Should you consider an audit?
- Capture the hidden value in your business



Marketability

Marketability

- Financial performance
- Size and concentration of sales
- SWOT
- Location
- Buyer options and availability

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Can you show the buyer the money?

- How predictable are your business operations?
- How transferrable is the legacy knowledge?

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Sales mix and customer concentration

- How diversified are your product offerings?
- How diversified is your customer base?
- Does your business have exposure to more than one industry?

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Do you know your SWOT?

What are your company's:

- **S**trengths
- **W**eaknesses
- **O**pportunities
- **T**hreats

Location, location, location!

- Ability to market products
- Supplier availability
- Employees
- Total cost of operations
- Taxes
- Regulations

What are your options?

- Strategic buyers
- Management
- Minority ownership
- Family

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Daniel's impact

Personal readiness

Business readiness

Marketability

Family readiness

Personal readiness

Personal plan for the future

Learning to “let go”

Business readiness

Strong leadership team

Strategic plan

Governance

Family readiness

Polling question #4

Please answer for continuing education credit

Miscommunication

Family meetings

Family governance

Family succession planning

Summary

Holistic view

Keys to a successful exit

Personal readiness

Business readiness

Marketability

Family readiness

Succession guide

What success looks like for Suzy

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Useful resources

Free online assessment

AGH Succession Planning Initial Assessment

Business Readiness

15. What do you think your business is worth?

16. How was this value determined?

- Professional valuation
- Online research
- Discussion with industry contacts
- Attorney / Accountant opinion of value
- Educated guess
- Unknown

Process document

Next steps

- Define personal wealth goals
- Determine business financial health
- Business valuation
- Figure out management succession
- Plan for the future – personal & business
- Address family issues

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Polling question #5

Please answer for continuing education credit

Thank you for attending

BRIAN GENSCH
VICE PRESIDENT, WEALTH MANAGEMENT

Brian.Gensch@aghwealth.com
316.291.4006
linkedin.com/in/briangenschcfp

TODD RICHARDSON
VICE PRESIDENT, CORPORATE FINANCE

Todd.Richardson@aghlc.com
316.291.4041
linkedin.com/in/todd-richardson-20b0134b

DANIEL WHITE
CONSULTANT, ORGANIZATIONAL DEVELOPMENT & FAMILY BUSINESS

Daniel.White@aghlc.com
316.291.4017
linkedin.com/in/danielwilliamwhite
twitter.com/dw_white

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taylor.bott@aghlc.com

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