

Paul Hoyt's "Office Hours" Series



paul  hoyt

Office Hours

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Welcome to Office Hours

- A relaxed, informal mentoring program
- Held every Monday at Noon Pacific Time
- All recordings, slides, and exercises are archived in our member's area
- All recordings are available on my YouTube channel:

www.YouTube.com/user/PaulHoyt

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The Reasons

- Being a successful small business owner can be a great experience!
- But it's tough - you need Education, Training, Tools, and Team to be successful
- I want you to get to know me

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The Reasons

- First and most importantly, I want you to know that I care about you.
- I want you to succeed in every area of your life, whatever that means to you.
- I want you to find the **greatness**, the **happiness**, the **divinity** within yourself, and then remember it, embrace it, and live it every day.

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My Passion

- To increase the survival rate...
- Accelerate the growth rate...
- And reduce the struggle rate of businesses in America

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My Vision...

- To help millions of CEOs and Entrepreneurs accelerate their business growth and enjoy greater harmony and balance in their lives
- To help them “Grow and Thrive and blast past Survive!”
- You can help by passing the word

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Office Hours Agenda

- In depth discussion of a business success principle
- Closing remarks, special offers, and invitation for next weeks session
- Open Q&A and coaching

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Join Us!

- Brilliant Business Groups on Facebook and LinkedIn
 - <https://www.facebook.com/groups/BrilliantBusiness/>
 - <http://bit.ly/BrilliantBusinessGroup>

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Join Us!

- Business Success Principle of the Day postings on both Facebook and LinkedIn
- Energy of the Day posting on Facebook
- Make comments, ask questions, share insights and “takeaways”
- “Like” my business page on Facebook

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Today's Topic:

- **Finding Your Exit**
– **Leaving Your Company in Style!**

with guidance from "How to Run Your Business
so You Can Leave It In Style"
by John Brown

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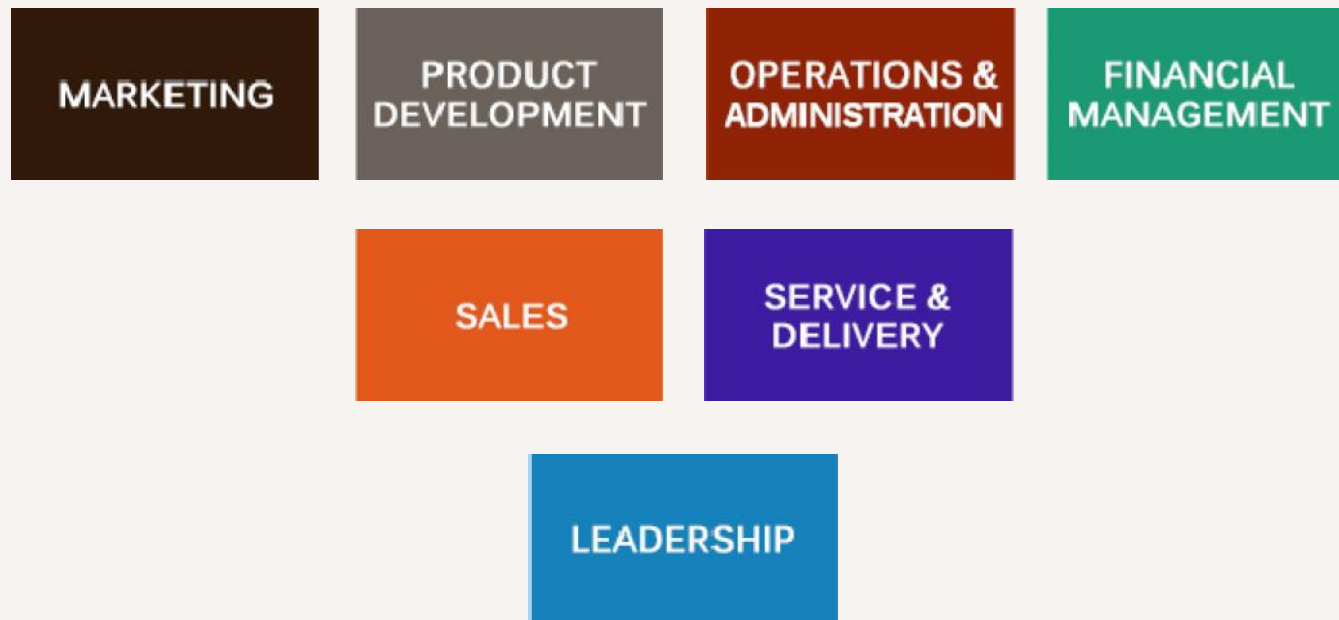
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The Key Performance Areas



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The Key Performance Areas



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Five Primary Business Environments

- Startup
- Comfortable Growth
- Rapid Expansion
- Turnaround
- Exit

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Agenda

- Why is This Important?
- Reasons for Exiting
- Exit Strategies
- Your Exit Team
- Steps in the Exit Process
- The Bottom Line

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Exit Strategies

- Lender exit strategy
- Employee exit strategy
- Investor exit strategy
- Personal exit strategy

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Why is This Important?

- You will be prepared when the time comes to exit
- You will get more for your business
- You may not want to wait for the next recession!

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Top Reasons for Selling

- Boredom or Burnout (54%)
- Lack of Capital (11%)
- No Family Successor (10%)
- Desire for Liquidity (10%)
- Age and Health (8%)
- Other Interests (7%)

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Why is This Important?

- Prepare the business for sale (18– 36 months)
- Locate buyers, negotiate the deal, and execute the transaction (9-18 months)
- Support the transition to new ownership (6 -36 months)
- Total time: 33 – 90 months

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Involuntary

- Death
- Disability
- Divorce
- Dissenting Owners
- Declining Markets
- Debt Overload

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Debt Overload

- Venture debt
- Bank debt
- Suppliers
- Taxing authorities

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Positive Opportunities

- An opportunity to purchase a competitor
- A significant offer by a competitor or private equity firm
- A great expansion opportunity
- A buyout offer from a partner

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Personal Exit Strategies

- Stepping back but keeping ownership position
- Shutting the doors and salvaging the assets (liquidation)
- Company IPOs – with restrictions
- Selling the business

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Selling the Business

- Internal Partners
- JV Partners
- Employees
- Competitors
- Other third parties

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Partial Exit / Cash Out

- Sell a portion to a partner
- Develop a structured buyout over time
- Sell a portion to an investor

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Your Succession Plan

- Partners
- Employees
- Family

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Your Exit Team

- Form early in the process
- Develop your exit strategy
- Complete your own “pre due diligence” many months / years before exit
- Increase the value of your business over time

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Your Exit Team

- Attorney
- Accountant
- Intermediary / M & A Advisor
- Wealth Manager
- Growth and Transition Advisor

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Attorney

- Facilitate legal due diligence
- Corporate records
- Intellectual property agreements and protection
- Employee agreements
- Investor records
- Key contracts

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Accountant

- Facilitate financial due diligence
- Financial records
- Investor records
- Insurance
- Taxes and filings
- Valuations
- Tax strategy

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Wealth Manager

- Estate plans
- Tax strategies
- Lots of Creative Tools
 - Insurance policies
 - Trusts
 - ESOPs

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Intermediary / M & A Advisor

- Brokers and Investment Bankers
- Positioning, marketing, selling
- Valuations
- Potential buyers
 - Financial buyers
 - Strategic buyers
- Value driver identification

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How Much is Your Company Worth?

Range of EBITDA	Multiple of EBITDA
Less than \$1m	2 to 4 times
\$1m to \$2.9m	3 to 5 times
\$3m to \$4.9m	4 to 6 times
\$5m to \$9.9m	5 to 7 times
Greater than \$9.9m	6 to 8 times

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Variables

- Value of net tangible assets transferred
- Perceived risk
- Anticipated growth
- Brand ownership
- Industry: Retail, Service, Distribution, Manufacturing
- Gross margin %

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Typical Value Drivers

- Solid performance history (revenues and profits)
- Steady and improving cash flow
- Growth story
- Capable management team
- Other key employees

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Typical Value Drivers

- Customer base
- Supplier base
- Systems and processes
- Tangible and intangible assets

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Growth and Transition Advisor

- Quarterbacks the exit team
- Primary focus: help you define and accomplish your exit goals
- Create and execute plans to maintain and increase value over time
- Focused on the value drivers
- Contingency plans
- Maintain sanity

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Your Exit Team

- Attorney
- Accountant
- Intermediary / M & A Advisor
- Wealth Manager
- Growth and Transition Advisor

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Steps in the Plan

- Value analysis
- Pre due diligence
- Value creation plan
- Value growth
- Marketing plan and materials

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Steps in the Plan

- Prospecting and qualifying
- Negotiating and deal structuring
- Letter of intent
- Due diligence
- Final agreements and closing
- Transition

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The Bottom Line

- Prepare for exit from the very start
- Understand your value drivers
- There's a lot you can do to increase the value of your business!
- Be ready to exit so you can exit on your own terms when the time comes
- Get an experienced team

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Homework / Exercises

- Think about when and how you want to exit your business
- Understand how your business may be valued
- Think about ways you can increase the value of your business
- Get coaching and support to manage the process

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Open Q & A and Coaching – in a minute

- Comments and questions on the topic of the day, then any other issues
- Tell me what your biggest “take-aways” are and what insights you gained from this presentation
- Tell me what you are going to focus on

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Our Support Services

- Education
- Training
- Consulting
- Coaching
- Growth Management
 - A “Do it With You” service!

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Our Support Services

Service	Teach You	Do It With You	Do it For You
Education	X		
Training	X		
Coaching	X		
Advising / Mentoring	X	X	
Consulting		X	X
Growth Management		X	X

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New Program: The Awakened CEO

- For those on a journey of personal and spiritual growth
- One-on-one training in The Practice of Awakening
- Call me for more information

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Next Office Hours: Feb. 2nd

- Topic is: **Group Coaching**
- Let me know what topics you would like for me to address: www.PaulsSurvey.com
- Do your homework!

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Open Q & A and Coaching

- Comments & questions on the topic of the day
- Any other issues
- Your take-aways and insights
- Survey: www.PaulsSurvey.com

Contact Me at paul@paulhoyt.com
call or text: 415.997.8001

- www.SchedulePaul.com

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