

Thinking about selling in the next 5 years?



Here are 10 questions to consider



How prepared are you?

Your success in building your company is not the result of “winging it” but from anticipation and preparation. Why wouldn’t you use the same approach when it comes to selling it? We employ a 20-question survey to help you think about the issue from the key perspectives of mental and financial readiness. This will also establish a framework for evaluating your exit options.



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How dependent is the company on you?

The biggest roadblock to selling a business is its dependency on the owner. Acquirers want to see a strong management team to ensure business success after you are gone. Our 40-question survey is the basis of an analysis and report that identifies and prioritizes opportunities for improvement in eight areas.





What are the true earnings of your company? How strong are your financial controls and process?

The true earnings of your company are not reflected on the net income line of your financial statements or tax returns. They are generally far greater (although a sophisticated buyer won't tell you) and need to be recast. Reliable statements and accurate, timely reporting will also increase the price paid for your company.

TRUE
EARNINGS

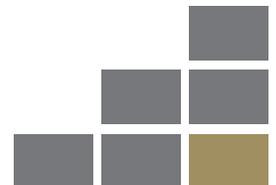




What is your company's financial value?

What is the premium a synergistic and/or strategic acquirer should pay?

There are different types of valuations depending on the purpose and the intended acquirer. Which should be employed in your situation? How much of a premium will a strategic/synergistic buyer pay for your company if placed in competition with others?



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What's left after paying your silent partner, "Uncle Sam"?

Of course there will be state and federal taxes payable after a sale. Are there strategies to reduce and postpone their payment? **The answer is yes,** but it will take some time and planning.





How does your company stack up against others in your industry?

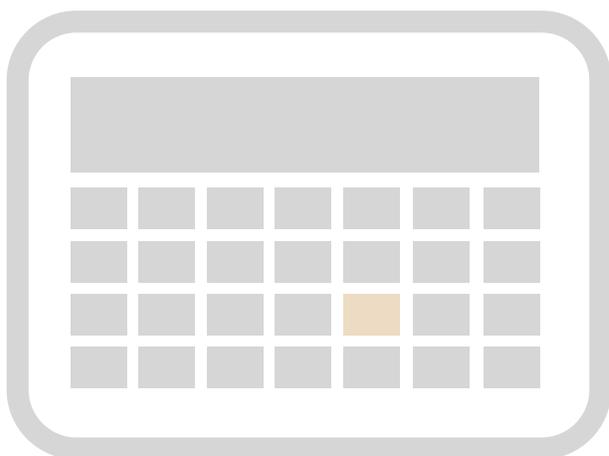
Industry benchmarks such as gross and operating income margins, sales per employee and other efficiency ratios are available. Do you know how your company stacks up? This information identifies the “low hanging fruit” to increasing the performance and thus the value of your company.





Isn't it too late to make changes to increase the value of my business?

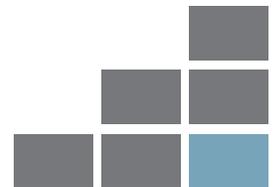
If you are intending to sell your business in the next year, there are usually changes you can make to increase its "saleability" but not much more. With more time however, company earnings can usually be increased and risk of owning the business decreased. Understand that at a multiple of 5, an increase of just \$200,000 in annual earnings would increase the purchase price by \$1million.





What options do you have in the transfer of your business?

You have more options than you think. Would it be helpful to know those options in advance, why some are worth consideration while others are not worth wasting time and brain cells on?





How does risk affect the price paid for your business? Can it be eliminated or mitigated?

When the risk in owning your business goes up, the price it will command goes down! The good news is that the opposite is also true and most risks can be eliminated or minimized with time and attention. It's not rocket science and usually costs very little.



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So what's your next best step?

Actually, you probably already know. While there is still enough time to learn and take advantage of your opportunities and alternatives, you need information.

- That's what we provide. No pressure to sell now or next year, just anticipation and preparation for an event that you know is approaching, even if you haven't yet decided on the exact time.

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