

Guide to Exiting Business Ownership

from **Bressler Ventures LLC...**

A Solid Foundation for Business Owners Who Want to Go Out On Top...

“Our Vision and Insight Enables Us to Never Lose Sight of Our Client’s Goals”



Bressler Ventures LLC
4763 N. Steeds Crossing
Wichita, KS 67219
Tel 316.744.8020
Fax 316.744.8085
Cell 316.393.9029
Brent@BresslerVentures.com
www.BresslerVentures.com

We wrote this guide to answer common questions asked by business owners who want to exit their businesses in the most rewarding manner. You will be glad to know that we use a system developed to produce a profitable sale for you, as well as a healthy Entrance for the new owner and a secure transition for the employees, customers and suppliers who helped you build your business.

Bressler Ventures LLC is a business transfer and consulting firm with affiliate offices nationwide. When you work with us, you benefit from the knowledge gained from thousands of successful business transactions. Our team of affiliates includes experts in banking, marketing, finance, legal, tax, ESOP, business operations and numerous industries. This team is available to support our work with clients.

We help you prepare your business for the exiting process, market it to the likely entering (buyers) parties, guide you through the negotiation and manage the myriad details for closing the transaction—at which point you sign the documents and pick up your check.

We look forward to helping you achieve your objectives.

When is the best time to exit my business?

At some point every business owner exits his or her business through a sale, family succession, merger or other ownership change – one of which may now be

appropriate for you. There will be several parties ready to look at your business if you have the right building blocks in place. Many personal factors will affect your choice of timing. One of the things we do is help you decide when the business performance and market conditions are right for a successful exit.

The current rate of corporate lay offs, battered stock markets, low interest rates and the availability of acquisition financing make this the most favorable sellers’ market we have seen in years. Businesses are selling for the highest prices in history and now may be your best opportunity to cash in on years of hard work and investment. Even if now is not the right time for you to exit; it is never too soon to develop your exit strategy!

What are the ingredients of a successful exit?

Your business is a valuable asset, and your exit should be conducted like your most important endeavor yet. While many factors contribute to a successful exit, we have observed that two ingredients are always present:

1. The first ingredient is purposeful planning and decision-making. Too many good businesses never sell because the owner(s) did not prepare the business in order to cultivate and consummate a successful transition. Take the necessary steps to make a transaction possible!

- The second ingredient is seeing that the business sells for the highest achievable price. No one should sell their most valuable asset (e.g. real estate) without a professional independent valuation. We help you secure the most accurate and credible appraisal of your business.

How can I Enhance the price of my business?

It is imperative that you have a *certified* appraisal in order to achieve the highest price and avoid leaving money on the table. It would be tragic to learn after negotiating a price that you sold too low.

Lending institutions that provide acquisition financing for many new business owners will require an appraisal. You will be at a disadvantage if you allow an entering party to drive the price using a valuation supported only by information taken from a tax return.

In order for the appraisal to be credible and accepted by all parties to the transaction, your appraiser should be a totally independent third party who has no other business relations with you. Of course they should have excellent credentials and significant experience appraising all types of businesses with ample market data to support his or her findings.

Any time you are involved in a business transaction, consider the possibility that your decisions and actions may be challenged in a court of law. Choose an appraiser who would best support you in such an extreme occurrence.

Here are some questions an appraiser should be able to answer with confidence:

1. What percentage of your time is spent appraising businesses?
2. How many have you done in the last year?
3. What business appraisal credentials do you have?
4. What articles or books have you written on the subject?
5. How many valuation methodologies do you use?
6. Have you worked for this client before?
7. Have you followed the departure provisions or does your report meet the standards as set by the Appraisal Foundation, as required by law under the Uniform Standards of Professional Appraisal Practice (USPAP)?

Because of our experience and

Primary Business Consultant

Though one of our main activities is selling businesses, we are more than Business Brokers. We are "Primary Business Consultants" who concentrate on selling and enhancing businesses, ranging from multi-million dollar manufacturing and distribution firms to "mom and pop" businesses. We are the first people to whom a business owner turns when Valuing, Improving, Buying or Selling a business. Like a primary care physician, our concern is your long-term business ownership health. When we sell businesses, we produce faster results with greater satisfaction for our clients.

reputation in the industry, we secure the services of superior appraisers at better than competitive rates. What ultimately costs you more is not using the best from the very beginning.

How do I avoid Using Compromising Professionals?

Bressler Ventures LLC is your **Advocate** in the effort to achieve the highest reward for the years of time and resources you invested in your business. We place your interests above every other in the transaction.

We have already discussed how you should not rely on a "broker" to determine the value of your business. (Question anyone who does not advise you to use the expertise of qualified third-party professionals at the appropriate times.)

Going beyond the independent valuation, we would like to explain how our marketing and compensation system allows us to be uncompromised advocates.

First we emphasize that you should never allow your business to be placed in a large group of listings where your agent is only paid for the ones that sell! This is no more than a Las Vegas gamble, and you place yourself at risk of never selling. In order to earn a living, these commissioned sales people often work harder on the businesses that are under priced because they are likely to sell faster.

These sales people are also in a potentially compromising position of advising owners to accept offers that are not in the owner's best

interest. It is a fact that the majority (80%!) of businesses placed in that type of brokerage program do not sell, because the commissioned sales people do not have the time or resources to give their assignments proper attention.

Obviously, such sales people are not advocates. To be a true advocate a business transfer professional needs to be motivated to best serve the client, not to receive the quickest commission.

Our system makes your transaction with the buyer easier to consummate and leaves more dollars available for your ultimate reward.

Our reward is that we produce better transactions and happier clients faster, because our process helps you achieve a higher selling price.

What is the most successful method of finding the entering party?

You built a strong business with significant value because you monitored every detail of its growth! You will now reap greater rewards because we will develop a target marketing plan, or assist you with a long term exit strategy.

It is not easy for you and your prospects to find each other, especially with the need to maintain confidentiality.

Our proven system increases the potential for a new buyer. If a business transition professional has not received the *Primary Business Consultant* certification, he or she may only perform a few marketing tactics over and over, which could leave you frustrated and unhappy.

Because of its precision and performance, our target marketing system was called “laser marketing” by a recent happy client. Instead of advertising your business in a large listing of businesses for sale in wishful anticipation that someone will find it, we specifically target those prospects with the most likely characteristics for, and interest in, your business and contact them without waiting for them to find us. We know who they are likely to be and how to find them! Advertising will be only one component of our marketing plan for your business.

How can I maintain confidentiality?

It is virtually impossible for an owner to sell his or her own business and maintain confidentiality during the process. We serve as the point of access for potential entering prospects that want information on your business. We do not reveal your identity or address of your business until the appropriate time.

If employees find out your company is for sale they may begin to seek employment elsewhere, often with competitors, in order to protect the financial

Who We Serve

Our firm typically represents closely held manufacturing, distribution, and service companies whose annual revenues range from \$1 to \$25 million. We are experts in marketing your business and facilitating a win-win transaction. In seeking and accepting assignments, the character of a company and its owners are as important to us as the size or nature of the business.

security of their families. The loss of key employees diminishes the value of a business to its prospects. At a minimum they become distracted and begin to take less interest in their work.

Suppliers could lose confidence in your ability to collect money due them, and may even begin to seek alternative distribution for their products or services. This could devastate the business at a time when it needs to look its best. In order to retain their confidence of continued business, it is important they not hear anything to make them feel they are at risk!

Customers and clients need to remain free of any doubt of continued supply or fear that the business will remain capable of standing behind products and services previously delivered. Bankers become nervous when they hear anything about a business that could affect their collateral, especially the gross sales and net cash flow that secure their payments. The year a business is on the market is when it needs to display the ability to grow and finance that growth. It would be bad enough if any of these parties found out your business was for sale, but it would become much worse if the media found out.

Our advertising and promotional materials **never** reveal the identity of your business.

We discretely manage communications with a prospect until he or she has executed the proper documents. Before receiving identifying information, each potential buyer will be required to provide qualifying background information and sign a non-disclosure statement in which

they agree not to reveal your identity or misuse any information shared with them.

Bressler Ventures LLC holds confidentiality as a highest priority throughout the process, to ensure that the types of issues mentioned above do not affect your company during this time of transition.

What other professionals do I need and when?

As we mentioned earlier, we professionally prepare your business for the exit. We develop a marketing plan, negotiate on your behalf and guide you all the way through the closing process. Bressler Ventures LLC becomes a part of your team to take care of the details and oversee the successful exit of your business. Your business transition team can also include other professionals (e.g. accountant, attorney, tax specialist, estate planner, escrow/closing agent, appraiser, banker, etc.) who may be needed during the transaction. As part of our service, we will **coach** this team, by assigning responsibilities and coordinating activities and work flow. If needed, we can help you secure the best professionals in each field. We help everyone perform at his or her best in a timely manner. We coach the team right across the goal line for you!

Why should I use Bressler Ventures LLC?

We will...

- Help you confidently determine the market value of your business.

- Help you decide on timing and, if necessary, enhance your business in preparation for a future exit.
- Create a professional marketing package for your business.
- Strategically market to the best potential buyers.
- Pre-qualify all potential buyers.
- Make buyers comfortable with the selling process.
- Negotiate & structure the sale.
- Prepare for due diligence.
- Allow you to focus on your daily business operations during the process.
- Lower your stress.
- Maintain confidentiality.
- Produce maximum results.

We work as an Advocate on your behalf to:

- Seek potential entering parties (buyers) with the financial and managerial experience to take your business to the next level, thus producing a more successful transition.
- Assure quality service by limiting the number of new assignments we accept while serving you.

- Make sure that you are satisfied, that's our business!

We take great pride and a strong personal interest in your success.

Our Professional Staff...

Brent Bressler, PBC, CEPP

Prior to founding Bressler Ventures LLC, Brent worked with a Fortune 500 company. He was responsible for developing new territories, recruiting, financing and training new business owners.

He assisted the business owner in developing and implementing a successful business plan. This included all areas of operations from accounting procedures to marketing.

In the early 1990's Brent decided to leave "Corporate America" to start his own private practice.

Since then he has worked with closely held business owners assisting them in all areas of finance. His financial planning practice included investment strategies, tax strategies and estate planning techniques.

The experiences Brent derived while working for a Fortune 500 company and in his own private practice is a key component in his ability to understand businesses like yours and the problems that confront you on a daily basis. The only way to truly understand the mechanics of business is to be involved in the day-to-day operations. Brent's experiences in managing businesses, cost containment, lending, credit and cash flow allow him to add significant value and insight to any assignment.

"I have always enjoyed working in the small business environment. My consulting with Bressler Ventures LLC has allowed me to do what I enjoy most... solving problems, creating value and assisting business owners in achieving their goals for retirement and estate planning."

"I was involved in my first business transfer nearly twenty years ago. I really enjoyed the process of developing an Exit plan and executing the X's and O's of that plan. It is very satisfying to see the fruit of your efforts through the transition to new ownership."

Brent is a native of Wichita, Kansas. He has been married to his wife Cyndy for 28 years. Brent has certifications as a Primary Business Consultant (PBC) and a Certified Estate Planning Professional (CEPP). **This is the only industry designation verified by performance.**

Our Commitment to Education & Excellence...

We attend multiple days of training each year on all facets of business transfer, management, finance and consulting so that we can give our clients the best advice and services possible.

Client Testimonials

Read what clients have to say about our services...

"Brent has shown concern for all of my business needs, but the most important aspect of working with him is he gets results!"
RR - Service

"Brent, as you know buying a business has been an entirely new

process for us... today you hear about customer service, ironically good customer service usually just isn't there. We are so impressed with you and the excellent service we have received from you. Thank you for all of your help, expertise and facilitation for a very mutually agreeable transaction between us and the seller."
J&J B -Retail

"Brent was instrumental in helping me successfully start my business. Since then he has had great follow through on any project I've had him work on."
JD - Service

"Brent has found solutions to my most challenging problems; he is trustworthy, honest and extremely loyal, uncommon in the business community of today."
DD - Service

"How often do you meet someone who follows through 110% on every single detail, no matter how small? BH - Manufacturer

"We were very impressed with the quality and speed of the work you did. In fact, at times we felt we weren't doing enough. Thank you so very much for helping us to secure our future...!"
P&W V -Industrial Service

"I have a strong sales background, but I was very impressed with your step-by-step process for securing a quality buyer, handling problems, and facilitating this very large sale with the bankers, CPA's and attorneys." D&L D -Leisure

"The Appraisal really helped us understand what we were buying. We highly recommend your company..." T&B C -Contractor

"A year ago we tried to sell our business ourselves... With just a few weeks of listing with your company, we had a qualified buyer, and the transaction was completed...What a difference it makes to trust a professional."
M&J R -Retail

"We were very pleased with the professionalism, integrity and speed of the sale. We would recommend your company to anyone..." J&C S - Distribution

How We Sell Businesses...

1. Perform a certified business appraisal to establish market value. This attracts serious buyers more quickly, supports the price during negotiations, and protects your investment. And perhaps most important puts you in control of the negotiations.
2. Review the appraisal with you. Help you decide whether to go forward with marketing the business, or begin enhancing the business to maximize value for a future exit.
3. Initiate the marketing process with a Consulting Agreement.
4. Prepare a professional Business Profile to present your business to qualified buyers. Prepare a comprehensive Offering Package including all information a buyer will need to see. Buyers lose enthusiasm when they have to wait for these materials.
5. Recommend any observable deferred maintenance. When Entering prospects see items that need fixing, they wonder about the things they cannot see.

6. Make sure your facility and equipment leases are transferable. In some cases we need to renegotiate these up front to avoid derailing a potential sale.
7. Develop and implement the target marketing plan. While simple in concept, this represents a major body of work. Part of our plan will be to promote your offering within our own network and numerous business search web sites.
8. Match your business with qualified buyer prospects already in queue, and qualify new inquirers for financial strength, business skills and other attributes, before we share confidential information or take up your time with them.
9. Review the Business Profile with qualified prospects, after the Confidentiality Agreement is signed.
10. Visit the business with interested qualified prospects. We always arrange these visits with you.
11. Help prospective first-time buyers become familiar and comfortable with the process of buying a business.
12. When a prospect is ready, prepare an offer and secure a deposit.
13. Present (all) offers to you.
14. Accept or counter the offer.
15. Once the sales price and terms are agreed upon and an offer is accepted, both parties complete and sign Disclosure Statements. Full disclosure helps both buyer and seller avoid lawsuits.
16. Buyer Due Diligence. If the business is as represented, buyer removes contingencies and the transaction proceeds. If due diligence does not confirm representations, the offer is renegotiated, or it is cancelled and the deposit check returned.
17. Help buyer obtain financing approval, when necessary.
18. Make sure every agreement of the transaction is in writing – including all contingencies and contingency removals. People forget things not written, leading to arguments and lawsuits.
19. Prepare escrow instructions. The instructions reflect the terms of the purchase agreement, and will include a notice to creditors of bulk sale.
20. What happens in escrow:
 - a. Serves as neutral stakeholder and communication link to all parties in the transaction.
 - b. Verifies escrow instructions.
 - c. Requests Publication, Recording, and UCC lien search.
 - d. Notifies tax collector.
 - e. Requests beneficiary statement if debt or obligation to be assumed.
 - f. Complies with lender's requirements.
 - g. Requests demands from existing lien-holders.
 - h. Receives purchase funds.
 - i. Prepares or secures other documents related to escrow.
 - j. Prorates taxes, interest, rents, security deposit, etc.
 - k. Records UCC-1 and UCC-2.
 - l. Closes escrow once all instructions are carried out.
 - m. Prepares final statements for the parties, accounting for disposition of escrow funds.
 - n. Disburses funds as authorized, including lien payoff and commissions.
21. Partial list of items/answers needed to open Escrow:
 - a. Purchase agreement and addendums.
 - b. Contingency removals.
 - c. EDD, sales tax number and applicable licenses.
 - d. Seller and buyer names, addresses, SSN's, tax ID's.
 - e. Deposit check.
 - f. Lease info – rent amount, deposit, assigned through escrow or new lease, etc.
 - g. Estimated possession date, closing date, pro-ration date.
 - h. Insurance info – assumed or new policies.
 - i. Tax information. Seller's property tax bills.
 - j. Required license information – are they transferable?
 - k. If corporations – names of officers authorized to sign.
 - l. Allocate purchase price to: Good will; Fixtures and equipment; Leasehold improvements; Licenses; Non compete; Inventory; and other assets.
 - m. Inventory, taken by buyer and seller or third party?
 - n. Will seller warrant machinery and equipment?
 - o. Will seller warrant against any pending accusations, citations or violations?
 - p. Will a health or fire inspection be done? Will seller pay reparations?
 - q. Any contracts, leases or agreements to be assumed?
22. At the closing:
 - a. Pick up your check.
 - b. Turn over the keys.
 - c. Begin the transition process.
- 23. WE STAY INVOLVED EVERY STEP OF THE WAY!**

