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**A Three Point Action Plan for Exit Success:
Where will your business be in two years?**



Hopefully your business is not in the midst of a 'Perfect Storm'. The 'Perfect Storm' conjures up a powerful image of being overwhelmed and completely at the mercy of raging forces beyond one's control. Feelings of desperation, fear and anxiety abound, just hours after sunny skies and smooth waters prevailed. How could things turn so quickly? Could preparation have made a difference? Did the forecast predict this calamity? As I listened to an economic update last week, the 'Perfect

Storm' scenario swirled in my head. Was I seeing into the future? Is the storm approaching or on the distant horizon? And what is there to do about it?

According to the speaker, William Stone, PNC Chief Investment Strategist, the US economy is in the 62nd month of an economic expansion. The longest US expansion on record is 120 months which spanned 1991 to 2001. Many have been exceptionally shorter. So the natural question is where we are now. Mr. Stone gets this question frequently. His view is the expansion is "middle aged" with good fundamentals for continued viability. However, Mr. Stone was quick to point out that this expansion could shift prematurely, based on unforeseen events. But the chance of it extending beyond the current 120 month record is highly unlikely.

So how long will sunny skies and calm seas prevail? Perhaps as long as 58 months but most likely we've got about 24-36 months to reap the benefits of growth, stability and expanding opportunity. Looking at the calendar that means we have until September 2016 before storm clouds begin to collect on the horizon.

Complicating the forecast is the dynamics of the mass of baby boomer business owners who seek to exit their business. This retirement trend was documented by the Market Pulse Survey conducted by the [IBBA](#) (International Business Brokers Association), [The M&A Source](#), and [Pepperdine Private Capital Markets Project](#), along with other surveys, which note:

- 40% of family owned businesses expect to change leadership within 5 years
- 7,000 businesses were sold in 2013, a 50% increase over the prior year
- 65-75% of small businesses will sell within the next 10 years
- The top reason for owners considering a sale is retirement, followed by burn-out

Do you see a Perfect Storm brewing?

I do.

As an exit strategy advisor, I help business owners chart a path to exit to maximize their life's work. But that means planning, which takes time. Time is always the number one enemy of business owners' intentions. But usually they focus on time to meet all the day to day demands of the business, time to get ready for a new client proposal, time to prepare for year-end activities and other urgent operational considerations.

But now time has grown into TIME.

TIME is the runway left to get the business, the key employees, and owners themselves ready to exit before this expansion ends. Generally 2-5 years is not very long, especially if you haven't even set a strategy yet.

As the number of baby boomers who want to retire increases, owners will face an increasingly stiff headwind: an overly crowded market of sellers. And as the expansion nears the end of its cycle, eager competition will churn the markets, putting pressure on valuations, and things will get choppy. Worn-out, unprepared, anxious sellers could quickly find themselves in a race to the bottom. And you could be dragged down there too.

How do you avoid the Perfect Storm ending to your life's work?

Start by focusing your attention, energy and resources on a 3 Point Action Plan

Step 1: Know what is valuable about your business today:

- Ask an advisor for a current indication of value
- Take an inventory of company value drivers- positives and negatives
- Quantify these exit risks as buyers would

Step 2: Know what you need to exit:

- Determine your post transition goals and lifestyle cost
- Meet with your financial advisor to project retirement income resources and needs
- Clarify your transition timeframe- best case to most probable

Step 3: Build value quickly:

- Identify 3 high impact value building strategies
- Evaluate the resources (time, money and energy) needed to implement
- Prioritize the top 3, develop an action plan with metrics and get your team on board to execute

The object is two-fold:

- Be well prepared to exit before the before the expansion peters out
- Be the most attractive (high value, low risk) company in your industry or geography

The result is multi-fold:

- Flexibility to exit when the market is most favorable
- A strong valuation defensible even in a challenging economy

- Improved position to negotiate favorable terms
- Get more of what you want

Just like the 'Perfect Storm', it's all about preparation and making the right decisions now, long before the storm clouds gather. If you commit to this [3 Point Action Plan](#), you will be sailing into the sunset while watching the other ships struggling in turbulent seas.

To read other blog posts by Tracey Gillespie, please visit [Matrix Value Advisors Blog](#). For more information, please contact Tracey Gillespie (704-451-6178; tgillespie@matrixvalueadvisors.com).



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