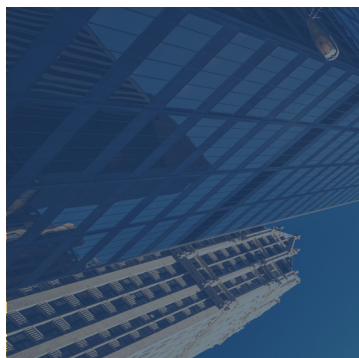




A LOOK INSIDE THE UNIQUE WORLD OF



VALUE CREATION



COTT SNIDER **of Exit Planning Institute**

Exit planning is undoubtedly a growing profession sparking business owners, and leadership teams across the United States across all generations inside the workforce and see how the concept Boomer business owner might be looking for a change of pace, the something different in their life. A Generation Xer believes values their time, and tries to work smarter not harder. Millennial entrepreneurs, are a very ambitious group and earn to spend because these generations, we can see how the exit planning ecosystem of a

BOTH **is looking for?**

What the marketplace needs today is a harmonious relationship between doing the work. Some advisors bring a holistic approach to education advisors share how to accelerate the value of the business owner personal and financial goals. Another advisor type is those who significant value into the owner's company.

ERS NEED TO KNOW ABOUT VALUE CREATION? **Complex**

We set out to better understand the latter. These unique advisors Institute (EPI) Community and are brought into solve a variety of issues leadership teams together, driving efficiencies, building great culture entangled customer base. In other words, rapidly accelerate the value. At EPI, these are the Value Advisors.

UR VALUE CREATION PROCESS LOOK LIKE? **Work at 13 Value Creation Processes**

In the marketplace "Value Advisors" are referred to by many names: creation advisor, consultant, strategic advisor, strategic growth advisor, consultant, or business coach. They primarily focus on the business Advisor (CEPA), they can organize an exit planning advisory team along with the owner and in the overall process. Therefore, Value Advisors personal financial planning into the strategy.

ADVISORS WORK WITH AN OWNER'S TEAM? **of Interdisciplinary Teams**

EPI interviewed 13 Value Advisors within the EPI Community to process. We were interested to know their opinions on Value Creation created. We learned more about their individual processes and why creation engagement. We also discussed how other advisors can support process.

URED VALUE ADVISORS **Value Advisors**

Our findings pave the path towards better engagement and relationship business owners would agree that there is some pain point they would like achieved within their company. Perhaps they want more to less risk in their business. Ideally, they likely want a company that owner achieve these goals we bring in the advisors who are ready to

GO FROM HERE?

?



“Owners reach out to me to create a better business they have today. I’ve never had so many satisfied business owners.”

Sean Hutchings

OUR PLAN?



We have a written plan, but it is not communicated to management

exit their business and have no plan to begin growing value in their business. Business owners that come to value advisors with the idea that they need more assets to bridge the Wealth Gap are referred to as Pivoters. Pivoters are not actively looking to transition their business, but to grow value in their business before a future exit. Triggerers are business owners who are interested in an ownership transition. These owners are open to tactical level discussions about business value and exit options that can be executed on a more immediate basis.

Overall, Sean says, “Predominantly, owners come out of a desire to create a better business than the one they have today. I’ve never met a 100% satisfied business owner”. For that reason, Sean states that he only works with growth minded business owners, because if they are not open to growth, they are not open to necessary changes to the business. According to our 2019 Nebraska State Of Owner Readiness Report, while 95% of business owners affirm that “transition strategy is important”, only 9.63% of owners stated that they have a written plan and their staff was aware of the plan. In contrast, 47.59% had no plan for

owner to understand the need for building value in their business is to ask themselves “What do I need to do in the beginning to be better prepared down the road?” How can your business improve today for you to be successful later? Value Advisors help spot pain points in businesses that owners may not have noticed or known how to resolve. Martha Sullivan, President at Provenance Hill Consulting, says that value advisors help highlight the value in businesses again so business owners can regain value in their world – both professionally and personally.

Kent McKown, Founder of McKown Company, wants business owners to know that there is a difference between owning and running a business. Kent knows that some owners do not want to sell their business, but also are tired of the day-to-day operations and would like more time away from the work. Value Advisors help owners grow value in their business as well as their personal lives. A Value Advisor with the Certified Exit Planning Advisor credential highlights all three legs of the stool: Business, Financial, and Personal. An owner may come to a value advisor with issues in any or all these areas.

WHAT DO YOU WANT TO ACHIEVE POST-TRANSITION?

- 47% plan to sell
- 23% plan to continue
- 21% plan to transition
- 10% plan to exit
- 14% plan to exit
- 27% have no plan

* 2019 Nebraska State of Owner Readiness Report

DO YOU KNOW
YOUR VALUE
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“Best in class owners
in class business

Lee Jones
CEO, Empyrean Associa

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Value Creation is like a Garden Hose

Value Advisor, Justin Goodbread, CEO and Founder of Heritage Investors, LLC, describes the Value Creation process to his clients in a way that simplifies the complex nature into a manageable analogy. Justin explains Value Creation like a garden hose. We have all seen a garden hose, whether it is used to water flowers or for a refreshing summer sprinkler, the effectiveness of the hose depends on a few factors: the water pressure and the waters path through the hose. If you do not have enough pressure to push the water through the hose, it severely impacts

prevent the water from flowing freely to its destination. Justin describes Value Creation as a means to “unkink the hose” and increase efficiency in your business.

Owner Involvement

Corby Megorden, Principal at ENNIS Legacy Partners, emphasizes that creating value in a company is, “not a marathon or a sprint, it’s a 10-mile race” in which the owner must be willing to participate or the race is in vain. Owner involvement in Value Creation is vital for the success of the business.

Owners influence their leadership teams, who therefore influence the culture of the business as a whole. Kyle Danner, Founder of Kyle Danner

Solutions for Family Business, asks owners “Are you willing to admit your own role in this business? If not, there is no point in moving forward” in the process. A lot of owners know what they want in their businesses, but most have not spent the time to consider “why?” Sean Hutchinson explained that Value Advisors cannot offer solutions if the owner does not understand the problems in their business.

Additionally, creating value is near impossible if owners focus on their past instead of the potential in the

“Can you maintain or increase your current lifestyle with what you have saved?”

Vincent Mastrovito, Founder and President of Prometis Partners Inc

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entiment by referring to the value
creation process as a deeply emotional
one for the owner.

Corby Megorden says that sometimes
the goal is not to maximize dollar
value, it is to build sufficient value to
allow the owner to do what they want in
their next act. Erik Owen, President of
Oak Hill Business Partners, notes that
most business owners, while
planning for their business, have
completely forgotten about planning
for their life after their exit. He refers to
this as, "planning for the wedding but
not the marriage". Our 2019
Nebraska State Of Owner Readiness
Report found that only 5.46% of owners
have a written plan of what they will do
after exiting their business and 26.23%

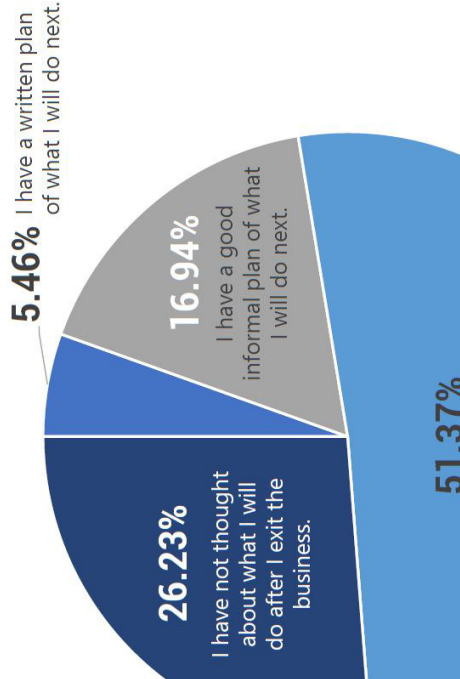
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Advisors provide the owners with an
overview of their methods and detail
the time commitment and expectations
of the owner. Lee Jones, CEO of
Empyrean Associates, Inc.,
recommends walking the owner
through how much time they will need
to spend per week to reach their goals.
This helps determine the owner's
readiness to accept the responsibility
of conducting systemic change to their
organization. Vincent Mastrovito,
Founder and President of Prometis
Partners Inc., suggests showing the
owner a 12 month engagement in "bite
size pieces" detailing what the Value
Advisor will do, what they expect from
the owner, and what the leadership
team should accomplish in that time
frame.

Assessment Tools

The next step in the process is to
conduct a baseline value assessment
of the client's business. There are
assessment tools that can be utilized
in the initial assessment but most of
the Value Advisors use their own
proprietary tools. Corby Megorden
conducts a 62-question scaled
questionnaire to determine starting
value and performs 90-day sprints to

DESCRIBES YOUR POST-TRANSITION E-AFTER-BUSINESS" PLAN?



12.56% plan
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23.12% plan
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34.17% plan
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30.15% have
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* 2019 Nebraska S

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company. A business that is dependent on the owner will never reach full value potential because most of the value in the business is locked in the owner. According to Tom Bronson and Justin Goodbread, transactions will stall if a business is owner dependent and one of the easiest ways to build value in a business is to decentralize the owner. A company should not be dependent on any one person's individual successes.

Melisa Silverman, Managing Partner at Founders Group, says that a value advisor's job is to reset the owner's expectations about their role in the business. Owner centralized businesses often lack well documented processes and strategies because the owner was the only one to manage certain aspects of the business. Without detailed business processes, a company not only is unprepared for market, but is missing out on valuable time-saving systems as well. A value advisor will assist in engaging leadership teams in the creation of systems and will ultimately incorporate more structure to the business, decentralizing the owner.

Kent McKown sits in on leadership meetings to learn about the CEO, leadership team, and the culture of the

How Long Does This Process Take?

Value Creation is not something that happens overnight, or even in a month or two. The Value Advisors we interviewed all stated that ideally an owner will see the most impact in their business value growth in three to five years. This estimate may change given how market ready the business was before the start of the Value Creation process. Melisa Silverman says that while it may take a while to reach the owner's goals, "they should start to see the impact on business efficiency, increased sales, and improved processes within the first year".

Justin Goodbread says that his company can almost double net worth every three to five years if owners truly follow his recommendations. Justin knows that fatigue sets in quickly in a process like this, so he provides the owners monthly highlights of what the owner has done and how it will impact their value growth goals. Vincent Mastrovito and Linda Ruffenach provide similar value growth checklists to their owner clients every 90 days to limit fatigue and show the positive impact they have had on the owner's business. Travis Catania highlighted

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Travis
Business

OWNERS WORK OWNER'S



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Martha Sull

President, Provenance

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Core Team:

CPA
Financial Advisor
Attorney
Value Advisor

Functional Team:

Risk Advisor
Estate Planning Attorney
Family Advisor
Banker
M&A Advisor
Family Members
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of the project is a common experience. We spoke with Value Advisors about how they work with an owner's financial team to understand how to best serve the client.

Martha Sullivan says that working with wealth managers begins with a mutual understanding of the other's specialty. Kent McKown seconds this idea saying, "To best support the owner, a wealth manager must understand the basic

personal finances and goals. Tom Bronson says that he helps owners find a Financial Advisor to assist in their personal finances if they are not yet working with one. Some advisors like to work on the client's needs separately, but the Value Advisors we spoke with suggested working collaboratively at first to develop a plan for the client that incorporates all their needs. Linda Ruffenach likes to meet with the other advisors before beginning her valuation process. She rightly states that she needs to "understand the financial advisor and CPA" to understand the client, as they have worked with the owner longer and will know information that the owner may not think to disclose to the Value Advisor.

Sean Hutchinson develops a meeting plan with the other advisors before meeting with the client. At this initial meeting, the Value Advisor, Financial Advisor, CPA, and Attorney will determine what aspects of the value building process will be conducted by each advisor. Sean recommends working with the other advisors on as much of the plan as possible to provide a unified plan to the owner. After discussing the value growth plan with the advisors, Vincent Mastrovito and Lee Jones compare the financial

also be included in the valuation process. Just as the Value Advisors work but insist on their leadership and their leadership in performing the business. For example, a Value Advisor conducts a planning session with the owner's value plan. The Value Advisor discusses valuation areas that need to be addressed in meetings needed to address the financial, and

With the addition of a Value Advisor, wealth is not only able to grow in value

Meet the Value Advisor Focus Group



Tom shared that, while “not an expert in the understand process, operations, management and finances”, making him a great addition to the financial team. With over 30 years of experience in a variety of industries, Tom provides business owner clients in a breadth of



Value Advisors, we discovered a value advisor unique to the Exit Advisor Focus Group with the technical and systematic approach, Value Advisors can provide emotional intelligence and can help business owners on more than only their financial goals. While each advisor has a different background, they all share a common goal: to help business owners achieve their value growth goals and ensure a successful exit after business.



Travis Catania

President, Business Succession Pros Inc.
travis@businesssuccessionpros.com

Travis serves as an interim CFO and helps business owners enact positive changes in business operations. As CEO, he builds value in the business for the business owner to either exit successfully or continue to own the business value. Travis refers to being a business owner as “holding the owner’s hand until they can lead the business themselves”.



Kyle Danner

Founder, Kyle Danner Solutions for Family Business
kyle@kyledanner.com

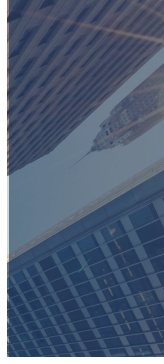
Kyle grew up working for his father’s business and helped grow it to a multi-million dollar printing company in Kansas City. Kyle has over 20 years of experience to help family business owners with facilitating difficult conversations with their family. Kyle helps business owners with implementing the Entrepreneur Operating System.



Justin Goodbread

CEO/Founder, Heritage Investors
jgoodbread@heritageinvestor.com

Justin believes in growing an owner’s business as well as their sellable value. To be a business owner, you need a Business Advisor, according to Justin, you need a business owner yourself. Justin





Corby has a diverse background including a Master's Degree in Engineering Administration. Corby provides Corby with a variety of surrounding process and interpersonal variety of industries. He views Value who "simplify the complex" problem create the most value for their clients

Lee Jones

CEO, Empyrean Associates, Inc
e.jones@empyreanassociates.com

Lee has over 30 years of experience in computer software and hardware, product distribution, and not-for-profit-industries. He has served as a Fractional CEO/COO in both start-up businesses as well as those that need a value boost. In addition to Lee's Value advisory role, he also served as Chair of the Houston Technology Forum.



Erik Owen
President, Oak Hill Business Partners
erik.owen@oakhillbp.com

Erik has over 20 years of experience in a variety of industries. Erik is building intrinsic value in their business Wealth Gap. Erik says his good businesses productivity, profitability, and

Vincent Mastrovito

Founder & President, Prometis Partners Inc
vincent@prometispartners.com

Vincent has over 30 years of experience providing health management services to his clients. Vincent focuses on the leadership team in his Value Creation process and helps to align the owner's goals with the leadership team's goals. Vincent is also the President of the very successful EPI West Michigan Chapter.



Linda Ruffenach
Founder & Chief Strategist, Exeucity LLC
linda@exeucity.com

Linda helps clients achieve what "total world domination". In addition to her practice, Linda is the Founder or Vice President of a community of Kentucky bourbon aficionados that empowers others within the whiskey industry.

Melisa Silverman

CEO, McKown Company
melisa@mckowncompany.com

Melisa specializes in business transition, leadership and advisory agreements to create sustainable growth and provide companies valued between \$5 and \$500 million in revenue with competitive advantage. Kent has over 20 years of experience in C-suite and advisory roles. He shared



Melisa Silverman
Partner, The Founders Group, President, Avenue
melisa@foundersgroup.biz

Melisa specializes in business transition implementation as well as business valuation over 15 years of experience in the technology

Martha began Provenance Hill Consulting after working for years at a CPA firm. Martha helps business owners build and create value before transition and relies on her CPA background to provide owners with a holistic Value Creation approach. Martha says, "I see myself as an owner's confidant, coach, and accountability buddy."

Author

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Colleen is responsible for creating engaging and unique content for the EPI website. She generates organic communication between EPI and the Exit Planning community and conducts targeted market research.

From Here?



After interviewing the Value Advisors, we have drawn a conclusion that to support an owner through a transition successfully, a Value Advisor must be an educator as well as a business advisor. An effective advisor mitigates risk to the owner's business, implements positive personal change, and emphasizes ways to meet financial goals.

As a business owner, it is paramount that you start planning on your exit plan now, no matter when you plan on exiting your business. According to Scott Snider, Vice President of Exit Planning, "More deliberate action creates better companies that will create easier or more transferrable companies when the time comes".



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