



THE READINESS AND ATTRACTIVENESS REVIEW

QUESTIONS TO HELP PREPARE THE SOPHISTICATED BUSINESS OWNER FOR A HAPPY AND LUCRATIVE EXIT FROM THEIR BUSINESS

For a successful exit, you need to say “Yes!” to two important questions:

- 1. Are you personally ready to exit?**
- 2. Is your business ready for you to exit?**

These are easy questions to ask but can be difficult to answer. That is why we have simplified these questions into what we believe are the most important.

Unlocking wealth within your business should be of paramount importance to all business owners if for no other reason that most owners have 80-90% of their financial assets located in the business itself [1].

PERSONAL READINESS ASSESSMENT

A business might be attractive to a potential buyer, but it will not sell if you are not ready.

In fact, 75% of business owners report regretting selling their business 12 months after closing [2].

Why? A focus on the business without consideration to personal and family dynamics leads to dissatisfaction.

[2] Walking to Destiny, Christopher M. Snider

PERSONAL READINESS ASSESSMENT

Why do you want to sell/transition your business?

Have you considered when you will retire? What age?

Have you determined whether leaving behind a legacy is important? If so, what does it look like?

Have you considered the emotional impact of no longer being a “business owner”?

PERSONAL READINESS ASSESSMENT

Have you considered how your employees/relationships will be treated in the process?

How many hours in a week do you typically work in/on your business?

Have you considered what you will do when you exit the business? What are your passions? Jot down a typical day, hour by hour. Will you be doing that for 1 year? 10 years?

Which of the following exit options would you consider?

- Sell your business outright
- Sell part of the business and continue to run it in the foreseeable future
- Hire or promote a leader to run the business while you maintain equity
- Transition ownership to your children/heirs
- Transition ownership to a management team
- Other:

PERSONAL READINESS ASSESSMENT

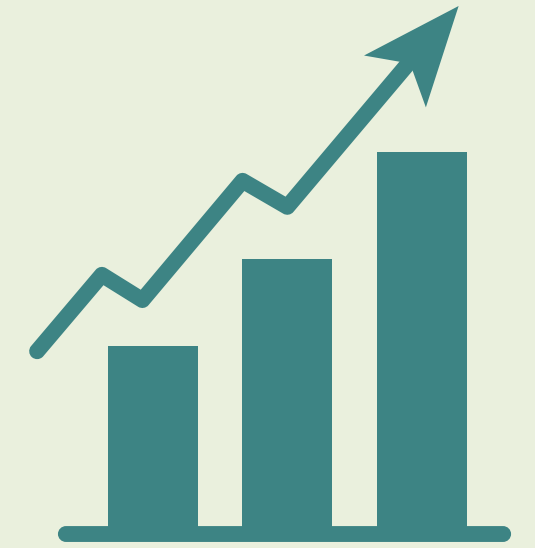
Have you considered you may need to be involved in the business for several years after a sale? What are your thoughts about that?

Do you know the minimum level of income you need in retirement? What will your business need to sell for to generate that income?

Have you considered the tax impact of selling your business and options to reduce your tax liability?

Have you prepared a personal estate plan that is coordinated with the business?

BUSINESS ATTRACTIVENESS ASSESSMENT



Ultimately, the value of your business will be dictated by the market.

It is not determined by what you think it is worth.

A successful business owner does not argue with reality. Their decisions are based upon evidence and data.

BUSINESS ATTRACTIVENESS ASSESSMENT

In one sentence, how would you describe your business (for example, if you met someone new, what does your business do?):

How many years have you been operating your business? Is this considered good in your industry?

Have you ever received an unsolicited offer to buy your business? If so, why didn't you accept?

BUSINESS ATTRACTIVENESS ASSESSMENT

BUSINESS FACTORS

How would you describe your industry?

- 1 - Not sure
- 2 - In decline
- 3 - Growing at the rate of the economy
- 4 - Growing slightly faster than economy
- 5 - Growing significantly faster the economy

How would you describe your profit margin with each new customer acquired?

- 1 – Not sure
- 2 – Decreases
- 3 - Improves slightly
- 4 - Improves significantly
- 5 – There is no additional cost to bring on new customer

How would you describe your exclusiveness?

- 1 - We sell a commodity/service that customers can get from many alternative sources
- 2 – We offer a slightly superior product/service than the competition
- 3 - We have a unique product/service that serves a specific niche and would require customers to work hard finding an alternative
- 4 – There are only a few competitors for what we do/offer
- 5 - We have a monopoly

SCORE OUT OF 15:

BUSINESS ATTRACTIVENESS ASSESSMENT

HUMAN FACTORS

How would you describe your team?

- 1 - I'm still needed for all decisions.
- 2 - They can handle some things, but I'm still needed for decisions daily.
- 3 - They currently make day-to-date decisions. I am rarely needed except for big decisions.
- 4 - They can operate if I am gone for a few months. I am only needed for critical issues.
- 5 - They could run and operate the business without me.

How easy would it be to replace the following areas of your business? (If you are responsible for this area, select 1)

Sales/Marketing

- 1 - Impossible
- 2 - Very difficult
- 3 - Fairly difficult
- 4 - Fairly easy
- 5 - Very easy

Product/Service delivery and design

- 1 - Impossible
- 2 - Very difficult
- 3 - Fairly difficult
- 4 - Fairly easy
- 5 - Very easy

SCORE OUT OF 15:

BUSINESS ATTRACTIVENESS ASSESSMENT

CUSTOMER FACTORS

How would you describe your customer relationships?

- 1 - I know each of my customers and get personally involved in each sale/transaction or servicing
- 2 – I know several customers and work with many directly
- 3 - I know some of my customers but delegate a majority of the work
- 4 – I do not know my customers but help with closing deals behind the scenes
- 5 - I do not know my customers and never get involved in a sale/transaction or servicing

How would you describe the level of customization to customers?

- 1 - We offer a completely custom solution to each client
- 2 – We offer a similar product/service for most clients, but nothing is formalized
- 3 - We have a standard product/service and slightly tweak for some clients
- 4 – We only customize our product/service/ for our top few clients
- 5 - We do not customize any service/product for any client

SCORE OUT OF 10:

BUSINESS ATTRACTIVENESS ASSESSMENT

CUSTOMER FACTORS (CONT.)

How often do clients refer customers?

- 1 – Unsure
- 2 - Rarely
- 3 – Sometimes
- 4 - Usually
- 5 – Always

What percentage of overall revenue did your largest customer represent last year?

- 1 - Not sure
- 2 – 16%+
- 3 - 10-15%
- 4 – 5-10%
- 5 - 1-5%

How would you describe your process for understanding customer satisfaction/complaints?

- 1 - We do not seek feedback
- 2 – We rarely ask clients about their experience
- 3 - We ask customers about their experience when the time is right
- 4 – We routinely ask clients about their experience and have a documented system in place
- 5 - We have a systematized and documented process for gathering client satisfaction information as well as handling any customer complaints

SCORE OUT OF 15:

BUSINESS ATTRACTIVENESS ASSESSMENT

STRUCTURAL FACTORS

How would you describe your technology and infrastructure?

- 1 – Has not been thought about and there are consistent issues
- 2 – Our systems work but are outdated
- 3 - Better than most. We stay within 2-3 years of the latest advancements based on our own research.
- 4 – We keep our systems updated annually
- 5 – We have an outside/internal team review our tech/infrastructure on a routine basis to keep up updated on the latest offerings.

How would you describe your company processes (sales, production/service, etc.)?

- 1 - Nothing is written or documented
- 2 – Our critical processes have been documented. Updates are made as errors are found.
- 3 – A majority of our processes have been documented and updated periodically.
- 4 – Everything is clearly documented
- 5 - Everything is clearly documented in one central location that is easy for every member to find and use. All processes are reviewed on a systematic basis.

SCORE OUT OF 10:

BUSINESS ATTRACTIVENESS ASSESSMENT

STRUCTURAL FACTORS (CONT.)

What is your approach to financial record keeping?

- 1 - We give our accountant a stack of papers to figure out
- 2 – We track things internally and use an accountant for preparation
- 3 - We keep track of things internally (QuickBooks, etc.) and use a CPA for final preparation
- 4 – We keep track of things internally (QuickBooks, etc.), use a CPA for final preparation and full analysis
- 5 - We hire an accounting firm to produce Audited Financial Statements each year

SCORE OUT OF 5:

BUSINESS ATTRACTIVENESS ASSESSMENT

SOCIAL FACTORS

How would you describe your company branding?

1 - Outside of customers, nobody is aware of us. We have never thought about branding or messaging.

2 - We are known by customers in the community and we have crafted a unique brand and messaging to attract customers.

3 - We are involved in many organizations and events that attract an audience. We have a modern website that has been SEO optimized.

4 - We are consistently active in the community and host events, seminars, and webinars. We have a social media presence that attracts an audience and a state-of-the-art website that prospects consistently engage with.

5 - We have a well-established national brand, message, and marketing team.

SCORE OUT OF 5:

BUSINESS ATTRACTIVENESS ASSESSMENT

Now go back to each page and tally up your numbers. Then, divide your number by 75 to find out your business attractiveness score.

YOUR NUMBER:

YOUR ATTRACTIVENESS SCORE (YOUR NUMBER / 75):



0 - 79% Room for improvement



80 - 90% Green Zone



90%+ Perfect

TIME TO TAKE ACTION

Schedule a complimentary call with one of our CERTIFIED FINANCIAL PLANNERS(TM) at onedegreeadvisors.com

This 15-minute call will give us a chance to determine if One Degree can provide the solutions you are looking for.