

Case Study – Exit Strategies



The Problem:

One of our clients, an owner of a business franchise with multiple satellite offices was approaching the age in which she wanted to retire. Even though she had grown the business significantly in the five years since she started it, the business did not have enough owner's equity or owner's discretionary income to warrant a sales price that afforded her the retirement income she desired.

The Solution:

The initial steps were to evaluate both the owners personal financial objectives and status regarding retirement to ascertain the sales price level of the business that would meet those goals. The next step was to evaluate the current business revenues and margins as well as the current business model to understand how much the business needed to grow in order to create a valuation that met the sale price level. It was determined that the business would have to grow by 40% in the next three years in order to reach the desire level.



A comprehensive growth strategy was developed that included a thorough bottoms up approach to understand the margin and cost structure and enhance operational efficiencies. At the same time, a robust new marketing approach, including the incorporation of a coordinated social media campaign was initiated that lead to revenue growth. Additional growth was obtained through opening select new satellite offices in target markets with the appropriate demographics.

Concurrent with the business growth strategy and operational efficiency model, the exit strategy included identifying the key potential buyers, creating proper SOP's and quality standards, preparing the corporate accounting books, putting together the correct team of exit advisors including legal, real estate, accounting professionals. A business sales prospectus was developed that highlighted and put the company in the best light. The prospectus included operational plans for the successful continuation of the business and potential business development growth strategies that a new owner could choose to pursue.

Concluding thoughts

Through the implementation of the business growth and exit strategy, this business increased top line revenues by close to 40% in one year! A key employee was promoted to an operational management position and had indicated a desire to purchase the business. This provided the owner an additional exit option and leverage regarding the valuation of the business.



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