

PACE Capital Advisors

Creating Transferable Value

This issue brought to you by:

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My Lawyer Told Me Not To Do It Case Study

When Dennis Brandenton called his accountant to complain about his attorney's warning not to consider a transfer to his child and key employees, his accountant immediately initiated the business Exit Planning Process.

As an advisor skilled in Exit Planning, Dennis's accountant probed not only Dennis's choice of successors, but also asked Dennis the first questions every owner must answer when thinking about departure:

- When do you want to leave?
- How much income or money will you want or need when you leave?
- What do you want to do for your key employees and for your other children?

The accountant quickly involved Dennis's other advisors (insurance professional, attorney, and financial planner) to begin to assess the financial resources available to Dennis.

Dennis soon realized that it is one thing to design a business exit via a transfer to a management team; it is quite another to ensure that his financial objectives would be met in the process.

Once Dennis defined his financial objectives, his Advisor Team could determine the size of the gap between his existing financial resources (both personal and business) and the amount of cash he could expect from a transfer of his business to his desired successors. Only then could Dennis's Advisor Team determine whether Dennis could transfer his company to the successor he chose.

Like all owners, Dennis had to ask and answer the three basic Exit Planning questions to

determine if he could exit his business in the way he wanted.

Dennis wanted to transfer his business to a management team that included one of his children. Rather than immediately pursue that particular objective, it was critical for Dennis to step back to see if that type of transfer would satisfy his other exit goals and objectives.

- Would a transfer to his management team allow him to leave on his timetable?
- Would such a transfer yield the amount of cash he needed to attain his financial objectives?

If not, were there other paths that would allow Dennis to leave at or before his chosen departure date, with more money, or perhaps, greater benefit to his family?

These questions (and others more specific to each owner's situation) require careful consideration before charging ahead.

Beginning an orderly consideration of your exit objectives today can help to save you time, money and grief. Better still, it can help change the answer to the question, "Can you help me leave my company to the successor I choose?" from "Maybe" to "Yes."

This is an important, yet involved, topic. Please contact me to discuss many of the issues involved with an insider sale.

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The example provided is hypothetical and for illustrative purposes only. It includes fictitious names and does not represent any particular person or entity.

As a Certified Exit Planning Specialist, Denis brings a unique blend of experience to the marketplace having been involved in more than 100 transactions as a buyer, seller, investor, advisor or financier of businesses throughout his career. He previously was involved in private equity for ten years and was responsible for identifying, underwriting, structuring, closing and managing investments including developing growth and exit strategies. In addition he has served as a director of a variety of both domestic and international privately held companies.

Pace Capital Advisors provides merger and acquisition advisory services to owners of lower

middle market businesses in the Southeastern US, typically companies with revenues ranging from \$5 million to \$50 million. Our target market comprises entrepreneurs, family business owners, and other privately-held business owners who seek the guidance and counsel of proven merger and acquisition professionals when considering the complex set of options available to them for selling or transferring ownership of their business. Our services range from preparing business owners and their companies for the process of ownership transition to full responsibility for conducting a business sale process on the owners' behalf. Pace's principals have acquired and sold numerous businesses during our careers in private equity, corporate development, investment banking and venture capital. We know how to properly package and position a business to maximize its transferable value. Our experience includes over one hundred merger and acquisition transactions in which we have occupied almost every seat at the transaction closing table - buyer, seller, owner, lender, and M&A advisor. We know what it takes to make a deal work, strategically, financially and psychologically, how to prepare business owners and their companies for the sale process, and what it takes to close the deal. (404) 843-8618

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