BUSINESS OWNER PLAYBOOK SERIES

TENACITY
WEALTH MANAGEMENT

Build A Business That Runs Without You

For many business owners, the business isn't just an asset—it's the result of decades of sacrifice, leadership, and risk-taking. Whether you own a manufacturing company, a construction firm, or a family business, our team works with business owners nationwide across a wide range of industries to help them plan for a successful business exit. One fact remains: eventually every owner exits their business.

The question is whether that exit happens intentionally or reactively.

Here are three of the most important areas to focus on now if you want to help maximize value and create options for the future.

I. Build a business that can run without you

One of the biggest risks buyers evaluate is owner dependence. If your company relies heavily on your relationships, daily decisions, or operational involvement, buyers see additional risk.

A transferable business is one that can continue operating successfully after the owner exits.

Questions to Ask Yourself:

- Would the business continue to perform if you stepped away for 90 days?
- Are client relationships tied mostly to you personally?
- Is there a second layer of leadership?
- Are processes documented and repeatable?

How to Improve Transferable Value:

- Develop department leaders and managers
- Create documented workflows and SOPs
- Reduce dependence on one major customer
- Build recurring or predictable revenue streams
- Delegate decision-making authority gradually

Why It Matters

Businesses that operate independently are often easier to sell, more attractive to buyers, and command stronger valuation multiples. Building systems and leadership can also help improve your quality of life today – not just at the exit.

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Clean Up Your Financials

2. Clean up your financials before due diligence starts

In our experience, many business owner wait too long to organize their financials. Unfortunately, sophisticated buyers expect clean reporting, organized records, and reliable profitability data long before a transaction begins.

Financial disorganization can delay or even derail a sale.

Common Issues Buyers Notice:

- Mixing personal and business expenses
- Inconsistent bookkeeping
- Poor inventory tracking
- Lack of KPI reporting
- Outdated accounting systems

What Owners Should Do Now:

- Work with a CPA experienced in transaction readiness
- Normalize EBITDA and identify add-backs
- Build monthly financial dashboards
- Organize tax records and contracts
- Conduct a mock due diligence review

Why It Matters

Buyers purchase future cash flow, not just revenue. Clean financials increase buyer confidence and help improve negotiating leverage.

Understand Your Value

3. Understand What Your Business Is Actually Worth

Many owners tend to overestimate or underestimate the true value of their business because they tie valuation to emotion, years invested, or annual revenue.

However, buyers evaluate businesses based on profitability, risk, systems, leadership, and future growth potential.

Important Questions to Consider:

- What is my business realistically worth today?
- How much do I need financially after taxes?
- Am I too dependent on the future sale proceeds?
- What increases valuation multiples in my industry?

Practical Next Steps:

- Obtain a professional business valuation
- Build personal wealth outside the business
- Review estate and tax planning strategies
- Understand the "wealth gap" between expected proceeds and actual financial needs

Why It Matters

Understanding valuation early gives you time to help improve weak areas, increase company value, and prepare financially for life after ownership.

Final Thoughts

Exit planning is really value planning. The strongest exits happen when owners prepare early, build transferable value, and align their business goals with personal and financial goals.

Even if you are years away from selling, the work you do now can significantly increase your future options and business value.

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Prepare For Emotions

Selling a business is not just a financial event — it is a personal transition that impacts identity, family, purpose, and legacy. Many Idaho business owners spend decades building companies that become deeply connected to who they are.t

That is why preparing emotionally and assembling the right advisory team can help make a difference between a stressful exit and a successful one.

4. Prepare for the Emotional Side of Exit

Some owners focus entirely on valuation, taxes, and deal structure while ignoring the emotional impact of selling their business.

However, life after the transaction deserves just as much planning as the transaction itself.

Questions Owners Should Consider:

- What will my life look like after the sale?
- What gives me purpose outside the business?
- Do I actually want to retire?
- How will my spouse or family be impacted?
- What legacy do I want to leave behind?

Common Emotional Challenges:

- Loss of identity
- Lack of structure or purpose
- Seller's remorse
- Family tension
- Anxiety about the future

Healthy Ways to Prepare:

- Define your next chapter early
- Explore mentoring, investing, philanthropy, or board service
- Discuss future goals with family members
- Work with advisors who understand transition planning

Why It Matters

Owners who prepare emotionally tend to make more thoughtful decisions and experience greater confidence throughout the sale process.

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Assemble the Team

5. Assemble Your Exit Team Early

A successful exit rarely happens because of one advisor. Strong outcomes typically come from a coordinated team working together years before a transaction.

An Effective Exit Planning Team May Include:

- Wealth Manager (that's us!)
- CPAs
- Estate planning attorneys
- M&A advisors
- Tax specialists
- Insurance professionals
- Exit planning professionals

What Your Team Should Help You Accomplish:

- Reduce taxes
- Increase transferable value
- Prepare for due diligence
- Protect family wealth
- Align personal and business goals

Why Early Planning Matters

When advisors collaborate early, business owners may gain more flexibility, better tax planning opportunities, and stronger negotiation positioning.

Final Thoughts

The best exits are intentional. They are built over time through thoughtful planning, strong advisors, and honest conversations about what life after ownership truly looks like.

The earlier you begin planning, the more options you create for yourself, your family, and your future.

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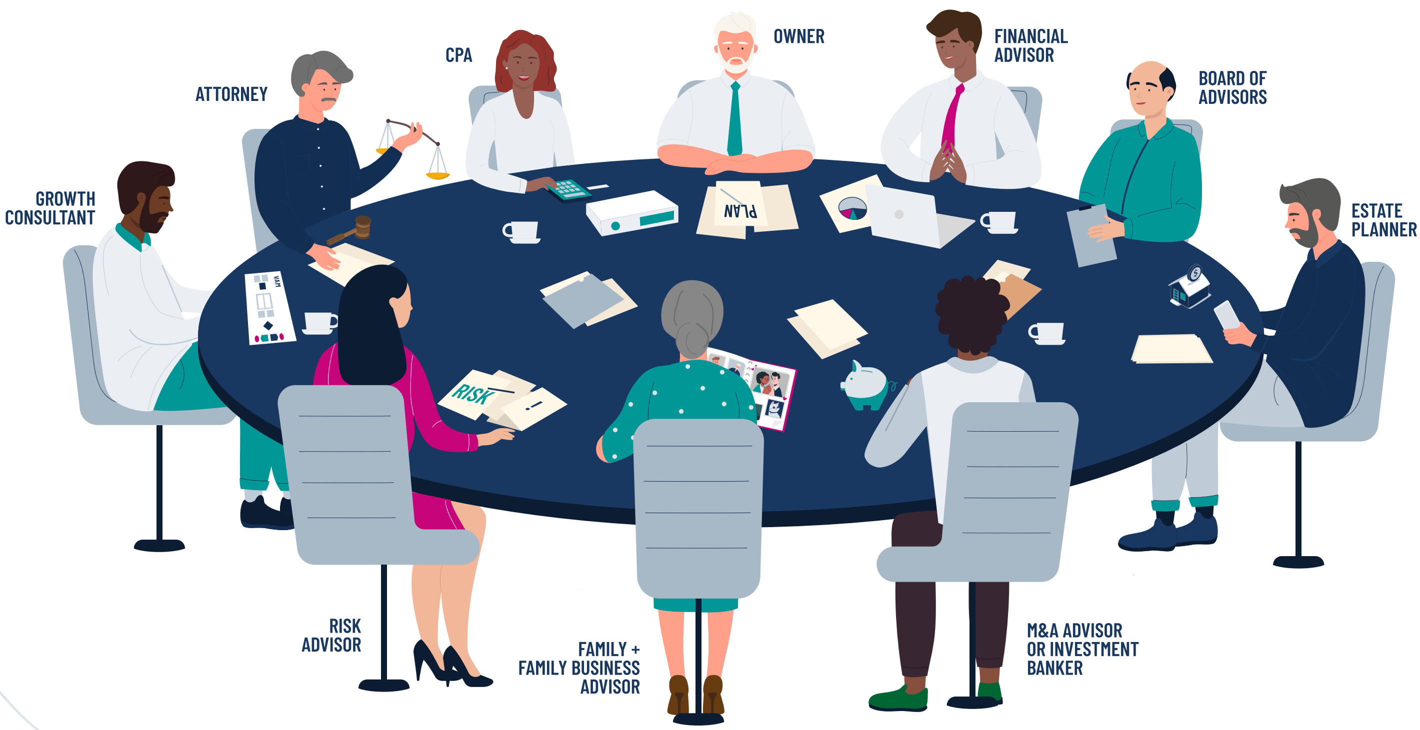
Key Members On Your Exit Planning Team



Who Has A Seat At The Table?

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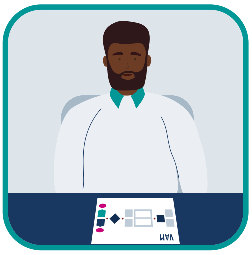
OWNER

- Typically, a significant portion of an owner's wealth is locked in their business.
- Their ability to monetize this wealth impacts their financial security and lifestyle
- They need a cross-functional transition team to assist their exit

CPA

- They are typically considered one of the owner's most trusted advisors.
- They provide a diverse set of services including tax preparation, financial statements, forensic accounting, auditing, and valuation



GROWTH CONSULTANT

- They help manage the owner's business value.
- They assess the personal, business, and financial goals of the owner throughout the exit
- They manage the owner's business value

ESTATE PLANNER

- They help maximize the owner's wealth effectively while minimizing estate taxes
- They are involved in the creation of the Will, any Trusts for the owner's children, and organizing charitable contributions

RISK ADVISOR

- They work with the owner to help mitigate and manage risks in the business.
- These advisors provide general business liability insurance, cyber security insurance, key man insurance, and life insurance
- They sometimes manage healthcare benefits for the company

FINANCIAL ADVISOR

- They ask all the pertinent personal and financial questions to the owner
- Instrumental in calculating an owner's Wealth Gap
- Remain on the owner's team long after an exit

ATTORNEY

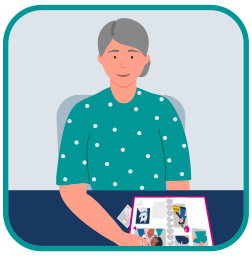
- They provide legal advice on issues that impact the Four Intangible Capitals
  - Human Capital
  - Customer Capital
  - Structural Capital
  - Social Capital
- They connect the owner to different types of legal counsel in personal or personal financial capacities.

BOARD OF ADVISORS

- Many business owners have a dedicated Board of Advisors
- The Board of Advisors will provide the owner and their family with valuable advice from individuals with years of experience
- They play a role on an owner's transition team, but should not be an owner's only resource during their exit

M&A ADVISOR OR INVESTMENT BANKER

- These advisors are typically used if the business owner is going to sell to a third party
- They can also help their client raise money to purchase a business
- They position the company for sale, including deal preparation, negotiating terms and price of the acquisition or merger, and arranging the sale of the company itself



FAMILY MEMBERS AND FAMILY BUSINESS ADVISOR

- Everything an owner does directly impacts their family and the families of their employees, partners, and vendors
- A family council acts similar to a business Board of Advisors and assists in managing disputes between the family and business

This information represents potential members of a business owner's advisory team, and are shown for illustrative purposes only. Your team may vary depending on your business' unique structure and needs.

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Let's Build Your Exit Strategy Together

Have questions or feeling overwhelmed by the idea of exiting your business? You're not alone. Every business owner's journey is unique, and we're here to help you navigate yours with confidence. Contact us today to start the conversation.

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