



A Business Owner's New Reality

Background

A young, successful business owner struggled with the question of when to sell his business. A shift in customer demographics resulted in slower traffic and difficulty retaining good employees. He knew the business would remain profitable for many years, but how profitable was unclear.

The entrepreneur had a spouse and young children to consider as he pondered his future, and sifting through all the financial implications of the potential sale was a daunting task. A close relative recommended that he partner with Spectrum Wealth Management.

Strategy

The Spectrum team reviewed the business' current and historical financial information to identify trends, and they carefully considered the financial needs of the couple and their young children.

There were many puzzle pieces to the comprehensive strategy that the team designed. These included:

- preparing cash flow projections for multiple scenarios to ensure the family was prepared for any unexpected events;
- using projections to establish the net amount needed from the sale;
- organizing financial information from the business to obtain an accurate business valuation;
- reviewing strategies with the client's CPA, attorney, and investment banker for minimizing income and estate taxes on the sale;
- providing wealth accumulation models to compare keeping versus selling the business;
- recommending ways to invest the proceeds in maintaining the family's lifestyle and new business ventures; and
- discussing methods of effectuating a philanthropic plan.

Outcome

As a result of our analysis, the owner decided to explore selling the business. What before had seemed impossible was now a realistic option. He entered negotiations with confidence because he understood the implications of various sale prices and deal structures, and his wife was fully supportive because she knew the family's needs were the first priority. With a strategy that reflected the lifecycle of the business, he was able to help maximize its value and secure his family's wealth.

His business successfully sold, he is now engaged in smaller ventures that allow him to explore other personal pursuits and to spend more time with his family.

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