CONVERSATION GUIDE

Selling or exiting a business

Getting business owner clients to open up and talk about their goals can help you guide them in making more thoughtful and personal financial decisions. Sometimes it's all about asking the right questions … in the right way.

A business owner's decision to sell or exit is a multifaceted milestone. Often the culmination of a life's work, it marries financial interests with emotional ones. More so because exits often coincide with retirement, putting owners face-to-face with still another transition. Then there is the area requiring perhaps the most careful attention: family. Whether that means relatives directly involved in the business, or uninvolved members who stand to benefit financially, the sale process can be a minefield.

More than most life events, business exits require a team. And as an advisor, you are an integral player connecting clients with specialists, maintaining a holistic overview of client needs and goals, and helping coordinate the sale's many moving parts.

The questions below can help you get the information needed to execute your role effectively. Doing so will help deepen and extend your relationship with the client and their families.

TIP: Use this conversation guide in conjunction with Preparing your business for sale and yourself for what comes next, our client-friendly primer on exiting a business.

Assessing a client's personal financial readiness

- What is behind your desire to sell?
- How long have you been working? Earning a paycheck?
- Are there any large purchases you have your eye on?
- Will you retire after selling the business? Do you have a desire to continue working at the business? Or to join or start another business?
- How will the sale of the business impact your liquidity? How have your cash flow needs been considered in structuring the sale?

Personal (non-financial) readiness

- Which part of your work do you like the most? Which part do you think you'll miss the least?
- How close to family do you live?
- Will you move to a new home or state after you sell the business? Will you divide time between two different residences?
- How would you spend your ideal first day post sale?
- Who's someone you admire for the way they transitioned after they sold a business? It could be an athlete, a businessperson, a politician or anyone who made a big change.
- What do you hope people will remember most about your business after you exit? Are there traditions or values you want the business to carry forward? How do you envision your legacy, professionally and personally, after the sale?

Post-exit life and purpose

- How do you see your role in the community changing after you exit?
- What are your hobbies, projects and/or causes?
- What are you most looking forward to in the next chapter of your life?

Understanding what they want to achieve through a sale

- What makes you most proud about the business you've built? The reputation your business enjoys? How you've supported your employees? The growth you've achieved? The way you've been able to adapt? Its longevity? How it's helped you provide for your family (and perhaps extended family)?
- How would you describe your relationship with your employees and co-workers? Formal or informal? More friendly or more professional?
- Who are some of your business heroes?

Understanding the family's role in the business

- Share with me the history of your business. How did you come to be involved? How long has it been in your family?
- Tell me about why the business is important to your family today? Is it a source of financial security? Pride? Does it play a role in keeping your family close knit?
- Is your family involved in the business? Have you discussed the sale with your family? How do they feel about it? Are any members of your family interested in buying the business?
- Tell me about your approach to family governance.

Understanding the "state of the business"

- How has the business evolved over the past 5/10/20 years?
- What have been your biggest business challenges? Greatest triumphs?
- What is your current level of involvement with the business on a day-to-day basis? What level of control do you have?
- Who do you consult with on a day-to-day basis about business decisions?
- In your ideal world, what is the level of involvement with the business after the sale?
- What is the current state of your recordkeeping systems and technology? Are there any areas where equipment or software may need updating before the sale?
- Are your business records and tech (accounting software, computers, etc.) up to date and ready for a potential buyer? What steps have you taken to ensure your recordkeeping and technology are current and compliant with industry standards?

Laying the groundwork for the sale

- Have you ever sold a business before?
- When did you begin thinking about selling?
- How widely do you wish to share your intentions?
- If you were to have to sell today, what would be of greatest concern to you?
- What do you think the business is worth? Tell me about any headwinds that may slow down the sale or negatively impact the value of the business. What events could boost the value?
- Tell me about the team (CPA, attorney, consultant, valuation firm, etc.) you plan to work with on the sale.
- How do you want employees to experience the transition? Are there key team members you'd like to see grow into new roles?

Wealth planning

- How have you addressed the disposition of the business in your estate plan documents?
- Tell me about any pre- or post-sale wealth planning that you have completed. Pre- or post-sale charitable giving in connection with the sale (DAF, charitable trusts, charitable beneficiaries in estate plan documents, etc.)? Are there charitable or philanthropic goals you'd like to pursue?
- Are there any buy-sell agreements or key man insurance? If so, how will those agreements impact the sale?
- How do you want the proceeds from the sale to support your future plans?

Corporate governance

- Tell me about your corporate governance structure. Do you regularly have board meetings? Leadership meetings? What is your process for updating corporate documents?
- Who is responsible for key decisions and oversight?
- Where is your business incorporated and what was the strategy behind incorporating there?
- Are there any gaps in governance documentation (bylaws, meeting minutes, shareholder agreements) that should be addressed before a sale?

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