

# ELEMENTS OF A SUCCESSFUL EXIT STRATEGY



Presented by Jim Kahrs  
President, Founder - Prosperity Plus

# In This Seminar

- Introductions
- Importance of an Exit Strategy / End Game
- The Most Important Consideration
- How is Value Determined?
- What's Your Dealership Worth Today?
- How Can You Build Additional Value?
- Timing
- Questions

# Jim Kahrs

- 37 Years in Business Systems
- Started Prosperity Plus in 2001
- Achieve Your Goals by Improving Profit, Cash Flow & Growth
- M&A, Valuations, Succession Planning
  - More than 350 individual transactions
- Marketing Programs
- Consulting based on Experience + highly successful Hubbard® Management System & Value Builder System®

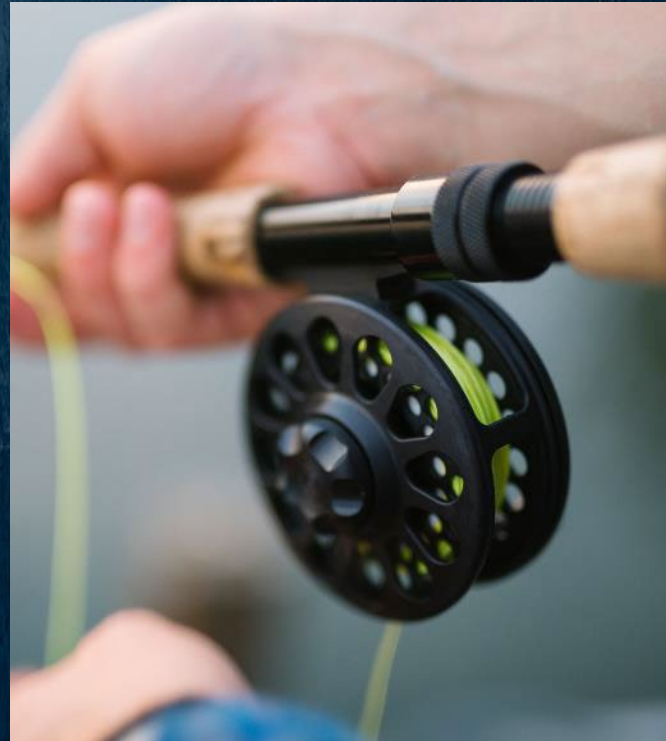


# Why Do We Need One?

- Continuation of the business
- How will employees be cared for?
- How will customers be cared for?
- Keep the legacy you've built alive
- Fund retirement or next phase of life



# The Most Important Consideration...



What is YOUR next game?

# Poll 1

What would most appeal to you in “retirement”?

- Golf, fishing or other leisure activities
- Travel
- Volunteering/Philanthropic Pursuits
- Starting a new career in a different industry
- None of the above

# What's Your Company Worth Today?

- In most cases it is your single largest asset
- It pays you compensation & profits annually
- It often provides other perks & benefits
  - Expenses paid through business
  - Family employment
  - Tax benefits
  - Flexibility & free time
  - Sense of purpose
  - Identity

# Common Misconceptions

- Biggest consideration in a sale is the purchase price
- My business has little value if I'm not making a significant profit
- Selling a business is like selling real estate
- All buyers pay about the same price
- My dealership is worth more today than it will be in the future



# How is Value Determined?

- Adjusted net profit/EBITDA over last few years
- Recurring revenues
- Customer/Installed base
- Employees
- Markets covered
- Vendors authorized
- Future business potential

# Poll 2

How often do you look at your Adjusted EBITDA?

- Monthly
- Quarterly
- Annually
- Never have

# How Value is Determined

- **Valuation Formulas**
  - Multiples of EBITDA
  - Multiples of Revenue
  - Multiples of Systems in the Field
  - Multiples of Recurring Revenue
  - Variety of Other Models
- **The Final Determination**
  - It's worth what someone is willing to pay

# How Can You Increase Value and Sellability?

- Be profitable
- Build strong, profitable recurring revenue
- Improve the structure & systems
- Build a strong sales team
- Understand what makes the dealership tick
- Have professional help through the process

# How Timing Works

- Trying to time the market isn't always the answer
- The timing needs to be right for the business and for you
- Be deliberate
- Selling to a 3<sup>rd</sup> party? The 3 years before a sale are the most critical
- Selling to employees, family? You will probably need more time

# Summary

- Having a plan is key
- Good news – the right plan leaves all options open
- Don't worry about having a perfect plan
- Take small steps each month

**PRE**Score™

# SO YOU'VE BUILT A SUCCESSFUL BUSINESS. NOW WHAT?

- ARE YOU REALLY READY TO EXIT?
- MANY BUSINESS OWNERS ARE UNPREPARED FOR HOW AN EXIT WILL AFFECT THEM
- A QUICK QUESTIONNAIRE ONLINE (SECURE) WILL GIVE YOU A LOOK AT YOUR OWN PERSONAL READINESS TO EXIT (PRESCORE)

**GET YOUR PRESCORE TODAY**



 Prosperity Plus



# BEST PRACTICES SERIES



**TAX PLANNING: ARE YOU PREPARED?**

OCT 17, 2024





# BEST PRACTICES SERIES



**QUESTIONS ON THIS?**

[JKAHRS@PROSPERITYPLUS.COM](mailto:JKAHRS@PROSPERITYPLUS.COM)

631-382-7762 Ext. 101