As a business owner, you've devoted your career to building your company. Now is the time to plan for what comes next: spending more time with your family and pursuing new challenges. It is a transition that is among the most complex in the business world … and life.

Looking to Exit Your Business and Retire? You're Not Alone

Creating and growing a successful business is seldom just about money, nor is the decision to exit the business, whether that exit is through an IPO, merger with another company, private sale or succession within the family. The process is intense, the details are complex, and the decisions are often an unexpected combination of personal and financial.

Is a Plan Really Necessary?

As a business owner, you may ask, "When should I start developing my exit or succession strategy?" Arguably, the answer is always "now." The earlier you begin preparing for your exit, the likelier it is for your plan to be a success.

When Preparing to Exit Your Business, Remember the Top Five Myths

MYTH 1

There's Plenty of Time.

That's just not true. In business succession planning, time is either your ally or your enemy.

MYTH 2

It's Easier to Just Sell It.

But to who, when and for how much? Will a buyer appear when you're ready to leave?

MYTH 3

A Successor Will Be Ready When I'm Ready.

It's surprising how many business owners come to a Financial Advisor wanting a succession plan without a successor clearly established.

MYTH 4

"Equal" Is Synonymous With "Fair."

It isn't at all unusual for a business owner to say to a Financial Advisor that he or she intends to divide a business equally between all eventual heirs. Is that a fair approach? How will it be perceived by your family?

MYTH 5

Giving Up Ownership Means Losing Control and Income.

Too many business owners see an exit plan as "all or nothing." Specifically, that changing ownership necessarily means giving up control and reducing income.

Source: www.hallock-law.com/the-five-myths-of-business-succession-planning/

At Morgan Stanley, We Offer Comprehensive Solutions

Whether selling a business or transferring ownership to family members, various strategies can help you achieve your objectives. Planning ahead is vital as you prepare for the next chapter.

Morgan Stanley has been helping business owners like you bring clarity and confidence to what is typically a once-in-a-lifetime event.

Our role is twofold:

ORGANIZING THE TRANSITION

- Work with you and your key executives and advisors to help them prepare your business for sale
- Analyze each exit opportunity
- Connect you with investment banking professionals and other specialists
- Implement strategies to help minimize taxes and optimize flexibility

ONGOING SUPPORT AFTER THE TRANSITION

- Oversee and simplify the details of your financial life
- Manage your investments, including your balance sheet and liquidity needs
- Implement wealth transfer and legacy planning strategies
- Integrate philanthropy into your overall wealth management strategy

The Three Stages of Business Succession Planning

We help manage aspects of the sale or transfer of your business.

1 Pre-Planning	2 Sale/Transfer Process	3 Post-Sale Engagement
6 Months	1 Year	1 Year
Preparing for the Transition	Making It Happen	Ongoing Support Following the Transition

STAGE ONE: PRE-PLANNING

- Identify your team who will help you make the best decisions for your business and your personal finances. Your team should include an estate attorney, corporate attorney, investment banker, accountant, a business valuation expert and your Financial Advisor.

- Your team can help you:
  - **Conduct** a market analysis to determine the current value of your business
  - **Review** your company's "curb appeal" to optimize the sale price
  - **Update** your financial and estate plans
  - **Evaluate** various strategies to understand the pros and cons of each

- These strategies may include:
  - **Transferring business interests within your family** through inter-family loans, self-cancelling installment notes and gifting shares of ownership
  - **Employee Stock Ownership Plan (ESOP**) to provide a vehicle for purchasing a department owner's shares in the company, using tax-deductible plan contributions
  - **A Management Buy-Out** to allow employees to purchase your company using external financing
  - **Recapitalization** to unlock some of the value of your business through the sale of debt or equity
  - **Selling** to a third party

STAGE TWO: SALE/TRANSFER PROCESS

- Focus on growing your business to increase its potential that buyers can envision taking over with minimal changes:
  - **Identify growth levers** and focus your attention accordingly. It's also important to ensure continuity among owners. Take the time to train your successor and secure key employees through incentives and opportunities for personal growth.
  - **Continue growing your business** to increase its valuation. Focus on tasks that are yet to be completed to educate potential buyers that your business can be transferred without endangering potential cash flows and profits.
  - **Begin to implement transfer strategies** and work with your team to consider various strategies to transfer your business to family members.

STAGE THREE: POST-SALE ENGAGEMENT

- Once you've completed your transaction, take some time to celebrate.
- Then, work with your team to update your personal wealth management plan.
- As your business has created new wealth for you and your family, it has most likely added complexity to your personal financial life. We can help you oversee those details, including managing the opportunities and risks that can come with your new balance sheet and investment portfolio.

Bringing It All Together

Whether you choose to transfer your business to family members or sell it to existing management or a third party, diligent planning is critical to your success.

At Morgan Stanley, we are here to help you develop and execute a successful exit strategy. Every decision is centered on you, your family and your business.

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