

Business Owners' Transition Planning Quiz

Personal

1. Complete this sentence: I would like _____
2. If capital weren't constrained, what would you do to grow the business?

3. If a suitable buyer made an attractive offer for your company, would you sell today? **Yes/No**
 - a. If no, why not? _____
4. Do you have the personal drive, health and inclination to push for another few years to grow the company, or would you rather try to maintain the status quo until you exit?

5. Do you have any desire to grow your company for the next 5 or so years with your team *plus* the financial, managerial and industry resources of outside investors? **Yes/No**
 - a. *If no*, would being able to remove any personal liability and harvest some of your gains now, then sell your remaining interest of a *larger* company in 5 years, change your answer? **Yes/No**
 - b. *If yes*, considering market conditions, your company and your personal drive, health and inclination, can you exert the 100% effort for 5+ years that would be required? **Yes/No/Unsure**
6. Do you know the value of your business? **Yes/No**
 - a. If yes, how did you get that information? _____
7. Would you like to sell your company to employees and/or family members? **Yes/No**
 - a. If yes, would getting less money than if the business were discreetly, but actively, marketed to other potential purchasers change that answer? **Yes/No** _____
 - b. If yes, would you be willing to finance much of the sale value? **Yes/No** _____
8. Do you have children who are ambitious and *genuinely enthusiastic* about taking over the business? (equally applicable to a prospective employee leader) **Yes/No**
 - a. Do they consistently demonstrate a desire to learn as much as possible about it? **Yes/No**
 - b. Considering their experience, education, personal capabilities and drive, would they be more likely to build their own personal wealth by taking over and growing the business or by responsibly investing a diversified portfolio of financial assets instead?

 - c. In general, would you consider this person(s) more of a leader or a follower? _____
 - d. Do they bring the right skills to position the business for future success, e.g. raising the company's digital capabilities to expected competitive parity, if not market leadership? **Yes/No**
 - e. List their top three strengths and top three weaknesses (each potential successor):

Strengths	Weaknesses

- f. Is it likely that a CEO from outside the company could more effectively lead the business and position it for future growth? _____
9. Is your personal drive to compete – and make the sacrifices to do so – as strong as it used to be? **Yes/No**

10. Aside from any sale proceeds your business may bring and any assets the business may own, have you accumulated enough income-producing assets to support your current lifestyle? **Yes/No/Don't Know**
11. Do you know how much you spend per year to support your lifestyle? **_\$** _____
12. Would you like to spend more to elevate your standard of living? How much? **_\$** _____
13. Do you have any passionate interests outside the business? **Yes/No** _____
14. If you no longer own the business, would your “new life” be as personally satisfying as being the owner? **Yes/No**
15. Do you consider ways in which you can apply your knowledge and skills to other endeavors, such as joining an angel investors group or volunteering with Service Corps of Retired Executives (SCORE)? **Yes/No**
16. How often do you and your spouse discuss selling all or part of your business? **Yes/No**
17. Do you have any formal transition/tax mitigation and/or estate plan? **Yes/No**
18. Have you had a health scare or perceive that your health is declining? **Yes/No**
19. What would you do after the sale of your business? List the first three things that come to mind.

Other Considerations

20. Is the company faced with a major capital requirement at a time when you should be diversifying personal assets, not further concentrating them (i.e., late in your working years)? **Yes/No**

21. If so, would the payback period extend beyond your expected date of ownership transition? How far?

22. Is a large competitor(s) taking market share from your company? **Yes/No**

23. Are major changes in the market for your company’s products/services occurring or anticipated, or how/where they are manufactured, how distributed and to whom? **Yes/No**

24. Have your costs been rising faster than your ability to pass-along higher prices? **Yes/No**

25. Have your company's legacy systems, production capabilities, or competitive advantage been "leap-frogged" by smaller, entrepreneurial firm(s)? **Yes/No**
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26. Has a major company in a related or unrelated industry recently acquired a direct competitor? **Yes/No**
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27. Are you aware of merger and acquisition activity occurring routinely in your industry, for example, companies consolidating to improve their competitive position? **Yes/No**
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28. Has the business lost a major, difficult-to-replace client or key employee recently? **Yes/No**
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29. If and when you do decide to sell your business outright, would you be willing to work for the acquirer for one to three years to aid in the transition on a consulting contract? **Yes/No** _____
- a. How about as a full-time employee (FTE)? _____