



## THE EXITMAP QUESTION/ANSWER SET

### TIME FRAME MODIFIERS

**M1. I would like to step back from day to day management of my business:**

- a) In the next year.
- b) In 1-3 years.
- c) In 3-5 years.
- d) In 5 years or more.
- e) I already have.

**M2. I would like to walk away from my business completely:**

- a) In the next year.
- b) In 1-3 years.
- c) In 3-5 years.
- d) In 5-8 years.
- e) In more than 8 years.

### ESSENTIALS

**1. My decision making team consists of:**

- a) Only me.
- b) Several supervisors.
- c) Managers in key areas.
- d) Independent decision-makers running all areas of the business.
- e) Executives developing all strategies as guided by my vision.

**2. My plan for the eventual transfer of my company is:**

- a) I'm not really sure.
- b) To close down completely when I am ready to leave.
- c) To transfer ownership to a family member or maybe an employee.
- d) To put it up for sale to a third party.
- e) I already have an agreement with a qualified buyer.

**3. I know what the post-tax proceeds of exiting need to be because:**

- a) I have a general idea of how much I'll need and am confident it will be enough.
- b) I have calculated my future income from my current assets combined with the proceeds from the sale of my company.
- c) I've calculated my future income needs including lifestyle, life expectancy and inflation assumptions.
- d) I have had a Certified Financial Planner calculate the needs including lifestyle, life expectancy and inflation assumptions.
- e) I have a professional projection of future needs, and have compared them to my business valuation and projected tax liabilities.

**4. I know my company's current market value, because:**

- a) I have no idea what the value of my business is.
- b) I have a figure in mind that I need to retire and I know it is worth at least that.
- c) I've talked to other people who sold their companies, and know what companies like mine should sell for.
- d) My accountant or financial planner researched comparative sales.
- e) I have a certified valuation of the business.

**5. I will handle the taxes on the transfer of my business by:**

- a) I haven't looked at the tax implications.
  - b) I plan to just add the tax burden to my target net price.
  - c) I assume I'll just pay capital gains tax.
  - d) I assume I'll just pay ordinary income tax.
  - e) I've had a CPA analyze the tax consequences of a sale.
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**6. I think the most likely buyer for my business is:**

- a) I don't know.
  - b) Another entrepreneur or a competitor.
  - c) Family members already engaged in the business.
  - d) Partners or employees who currently manage the business.
  - e) A clearly identified strategic buyer.
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**7. The diversification of our revenues by customer is:**

- a) Not really diversified. 50% or more comes from one customer.
  - b) Somewhat diversified with a few customers that account for most of our business.
  - c) In line with the Pareto Principle. 80% of our business is from 20% of our customers.
  - d) Fairly diversified. No one customer accounts for more than 10% of our business.
  - e) Very diversified. No one customer accounts for more than 5% of our business.
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**8. Most of my customers:**

- a) Are driven by price and will buy from whomever makes the best deal.
  - b) Appreciate service, but focus on cost.
  - c) Return year after year and increase their spending.
  - d) Are committed to long-term, written purchase contracts.
  - e) Can get what they need only from my company.
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**9. My key employees are:**

- a) Irreplaceable. They have unique skills vital to our survival.
  - b) Employed at will, under verbal understandings.
  - c) Employed with written agreements and incentives.
  - d) Employed under non-compete and confidentiality agreements.
  - e) Employed with long-term incentives that vest and accrue if the business is successful.
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**10. The plan for the business in the event of my death or disability is:**

- a) I don't know.
  - b) My partners, employees or family will have to take over.
  - c) To sell it as quickly as possible or shut it down.
  - d) I have a mutual management agreement with a colleague or competitor to take over in my absence.
  - e) We have a plan to bring in experienced interim management with full instructions on a transition.
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**11. The documentation of our systems and processes for operations, human resources, and administrative functions are:**

- a) Mostly verbal.
  - b) Written, but bear little resemblance to what we actually do.
  - c) Written, but somewhat out-of-date.
  - d) Fully documented, but not always followed on a day-to-day basis.
  - e) Fully documented, updated and required to be followed in all areas.
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**12. My typical work week is:**

- a) Over 60 hours.
  - b) 55-60 hours.
  - c) 45-55 hours.
  - d) 40-45 hours.
  - e) Less than 40 hours.
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**13. Our revenues are:**

- a) Declining for three years or more.
  - b) Up-and-down from year-to-year.
  - c) Flat for three years or more.
  - d) Growing slightly over the last three years.
  - e) Growing strongly over the last three years.
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**14. Our profit margins are:**

- a) Declining for three years or more.
  - b) Up-and-down from year-to-year.
  - c) Flat for three years or more.
  - d) Growing slightly over the last three years.
  - e) Growing strongly over the last three years.
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**15. Our financial performance against industry (NAICS or SIC Code) standards are:**

- a) I don't know.
  - b) Bottom quartile.
  - c) About average.
  - d) Top quartile.
  - e) Top 10%.
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**16. In the event of my sudden absence from the business, my documented contingency plan for operations includes:**

- a) We do not have a documented contingency plan.
  - b) A documented list of responsibilities that my managers can handle.
  - c) A documented succession plan for managers with written retention incentives for key staff.
  - d) Documented succession and retention plans, plus instructions for governance and continuation of family income.
  - e) Complete contingency planning, including insurance to retire debt and fund working capital.
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**17. Are employee goals and reviews aligned with the company's mission, vision and values?**

- a) We do not have formal employee goals or performance reviews.
  - b) We do formal employee reviews and set goals but we don't have a clear company mission or vision.
  - c) We have employee goals and reviews, but they are not necessarily developed around our mission or vision.
  - d) We have employee goals and reviews, developed around our main mission or vision.
  - e) All employee development and incentives are aligned with specific short and long term company objectives.
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**18. How dependent is the business credit on your personal guarantees?**

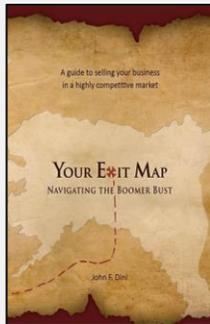
- a) I personally guarantee all business debt.
  - b) I have guarantees on some, but not all business debt.
  - c) I guarantee real property, but do not have personal guarantees on leases or credit lines.
  - d) The business has no debt.
  - e) The business can incur any necessary debt without the need for personal guarantees.
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**19. Our Technology Policy is to:**

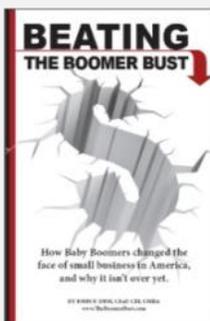
- a) Replace things when they fail.
- b) Purchase upgrades when support is discontinued by the vendor.
- c) Upgrade as the need arises, or for clear improvements in productivity.
- d) Budget and implement upgrades on a planned defined schedule.
- e) Stay near the leading edge, constantly seeking the next improvement.

**20. After I leave my company, I am planning to:**

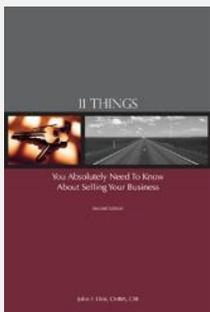
- a) I don't know.
- b) Do something or nothing. Just take it day by day.
- c) Take up a hobby or work for a non-profit.
- d) Get a job.
- e) Pursue my life's passion.

**RECOMMENDED READING AND MARKETING RESOURCES:**

[“Your Exit Map: Beating the Boomer Bust”](#) presents the various strategies for transferring a business to new ownership. It describes the features that attract different classes of buyers, how they target companies for acquisition, and their methodologies for assigning value. With over 300 illustrations, photos, graphs and cartoons, the book takes the reader through the historical shifts that created a generation of Boomer entrepreneurs, and the equally powerful forces that are assembling to challenge their successful transitions. It is a great leave behind for Advisors who want to remain “top of mind” when a business owner is considering an exit. ([Available on Amazon.com](#) or in the ExitMap store with special pricing for Affiliates.)



The [“Beating the Boomer Bust”](#) eBook, is a collection of articles focused on the unique challenges facing the business community due to the large population of retiring Baby Boomer business owners. It is the product of a year of research, and of fifteen years helping business owners prepare to leave their companies. Small business owners in America are ignoring a tidal wave of change that will leave a few small businesses untouched while wiping many others from the face of the planet. (Please select a free download link: [Advisor](#) or [Business Owner](#).)



[“11 Things You Absolutely Need to Know About Selling Your Business”](#) is a practical, plain spoken primer on the process of marketing and selling a “Main Street” business. Owners seeking to transition need guidance before starting the sale process if they want to maximize the financial results. The process can be intimidating and complex. Using a straight forward step-by-step approach, this book provides the blueprint and tools needed to understand what it will take to prepare, market, and sell any business. ([Available on Amazon.com.](#))