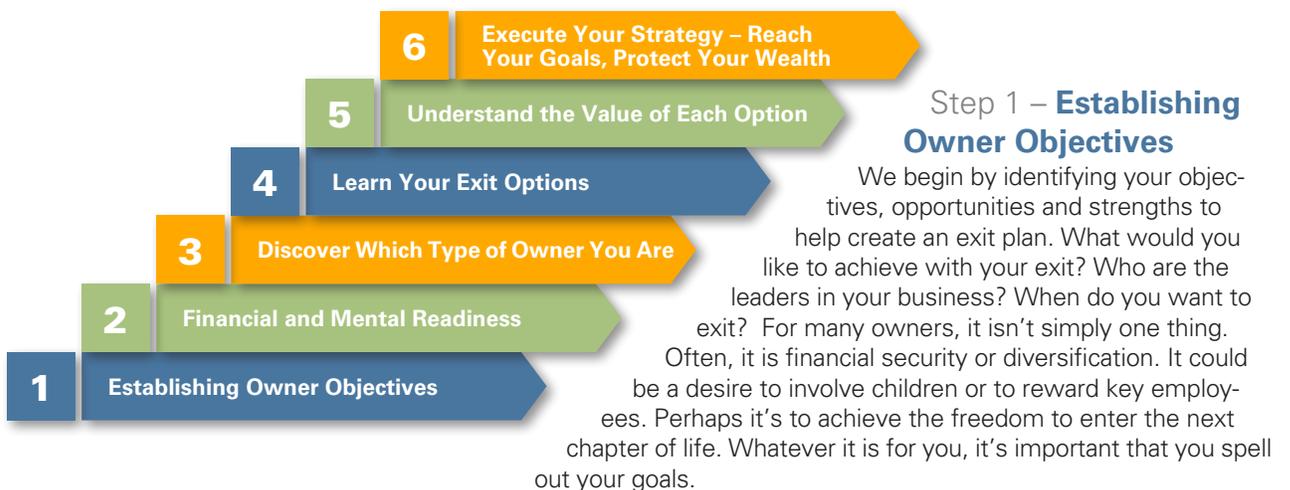


Exit and Succession Planning

Your business is your largest investment. Over the years, it has helped you create wealth and a significant financial portfolio. There are many reasons to go into business: independence, financial security, or the pursuit of a dream. But have you thought about how you are going to get out? Things don't always line up perfectly. Karp Capital helps clients create and maintain some structure, even when the business transition is complex. Exit Planning is a customized process designed to help business owners understand their options, and chart a course toward their desired outcome. Whether you plan to sell your firm, transfer to management, or pass it on to your children, Exit Planning provides a roadmap for one of the most challenging aspects of business ownership.

The Six Step Exit Planning Process



Step 2 – Financial and Mental Readiness

Do you know what it would take to be financially independent outside of your company? Do you know what your company is worth? We'll perform a complete assessment of the value of your company and its overall marketability. A thorough analysis will determine the financial resources necessary to sustain your lifestyle after exit. The results define the value gap between your projected assets and what's needed to meet your goals. Additionally, you must assess your mental readiness for exit. What will you do after the exit? How do you feel about being identified as someone other than the owner of your firm? The mental game is often more challenging than owners think.

Step 3 – Discover Which Type of Owner You Are

Business owners typically fall into four categories based on their financial/mental readiness. Your exit options become clearer once you recognize your owner type, and the corresponding transfer methods. This step will allow us to analyze potential courses of action and anticipate their end results. Who do you resemble?

- Rich and Ready To Go - Financial readiness is high, and mentally you can't wait to start life's next chapter.
- Wealthy But Enjoy Work - You are financially set, but you like working and don't want to retire.
- Stay and Grow - You're not financially ready, and are happy to work to build net worth and company value.
- Get Me Out Now - Your needs require much from the business, but mentally you are headed for the exits.

Step 4 – Learn Your Exit Options

If you are like most owners, you know very little about ESOPs, Private Equity Recaps, Management Buyouts, Gifting Strategies or the myriad of ways to structure a Third Party Sale. Getting educated is helpful, even if to merely discard the options that won't apply. Given your goals and financial needs, the most likely exit paths begin to take shape in this step.

Step 5 – Understand the Value of Each Option

It's not what you make, it's what you keep! You must run the numbers for each of the applicable exit options. You'll learn about the range of values associated with private companies, the impact of taxes and fees on any transaction, and the cash flow results for both you and the business throughout the exit. You'll need a clear understanding of each option before executing the plan. If the valuation is not where you want it to be, we will suggest a course of action, along with key steps and recommendations aimed at the targeted price.

Step 6 – Execute Your Strategy – Reach Your Goals, Protect Your Wealth

You've chosen your option, made your plan, and now it's time to execute. Assemble your team, plan for contingencies, and take action. Karp Capital assembles your various service providers and helps you navigate through any necessary transactions, including those involving attorneys, bankers, financial planners, and buyers and sellers. Our carefully developed task list takes the transaction team from offers, to letter of intent, to closing. You'll learn how to protect your wealth from estate taxes, and provide for plan completion in the event of an untimely death or disability. This final step provides the written action plan for your advisory team to use as the roadmap for making your goals a reality.

Exit Options Matrix



Our profile is featured on Brightscope



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