



WHO TO CALL FOR ADVICE WHEN PLANNING AN EXIT

Planning for a business owner's exit can be a lengthy and daunting task. After all, identifying current and potential issues and developing a plan for the greater good of the business requires substantial time and energy. Gaining alignment from all stakeholders can seem impossible at times. You'll need to assemble a team of advisors that can proactively move you toward your objective. So, who should have a seat at the table? This quick reference guide can help you understand the differences in the specialized roles of each professional.

As you begin your search for qualified advisors, engage your relationship manager or private wealth advisor at Texas Capital Bank. We have the expertise you'll need, from getting started on your plan through executing it. Plus, we have deep connections in our local business communities and can introduce you to other knowledgeable professionals who can help you throughout your journey.

WHY

WHO

WHEN

BUSINESS BROKER OR INVESTMENT BANKER



An investment banker or business broker will prepare a confidential information memorandum describing your business and tap into a large network to locate buyers, including listing the business with suitable marketplaces. These intermediaries can also steer buyers to financing resources, such as lenders and equity capital providers.

A dedicated practitioner with experience in the same industry as the business can offer insight into the mindset of potential buyers as well as provide access to an established network, bringing in more interested parties and securing the best price.

Bring in an investment banker or business broker as early as possible once you start considering selling your business. There's no rule that states you have to sell the first time around, and the experience may provide insight that translates into greater value the next time.

CERTIFIED PUBLIC ACCOUNTANT (CPA)



A CPA will use detailed historical analysis to provide an accurate business valuation that demonstrates the worth of your business. In the event of a sale, the CPA will also help you understand the tax implications that might impact the value of the transition and your financial legacy.

Because tax laws change frequently, you'll want a CPA that specializes in taxes to review potential offers and agreements, whether it's sold or passed on to family.

The more years of consistent, detailed records you have, the more accurate the valuation. After the first growth phase, business owners should select an accountant or CPA that can expand *with* the business. In addition, before anything is signed, have your tax specialist review all agreements for implications that could affect estate planning.

FAMILY BUSINESS ADVISOR



Whether you plan on passing the business to family or simply want to align your family on a plan for its future, having an advisor at the table can help you communicate openly and effectively with the entire family.

The right advisor will have a background in family estate planning and business succession, as well as experience in conflict resolution. Texas Capital Bank can help you conduct these conversations with guidance from our private wealth team.

The family should meet with the advisor as early as possible and often (typically once a quarter) to establish objectives, plan a long-term strategy and conduct a review of potential challenges, changes in the business or family that might shift the strategy.

FINANCIAL BUSINESS ADVISOR



Your financial advisor will help you determine the ideal exit strategy and structure of terms for a sale or succession based on your unique needs and future goals.

The ideal financial advisor is one that knows your business well and has experience in succession planning and/or mergers and acquisitions.

Given the flexibility of buy-sell agreements and that the unexpected can occur, there's little reason for a business to operate without one in place. Once drafted, it's recommended the agreement be reevaluated annually.

INSURANCE ADVISOR



You may want to fund the buy-sell agreement to ensure the chosen successor is able to buy the businesses in the event of the owner's death or disability. This can be done through life insurance or disability buy-out insurance. In the case of a pending deal to sell the company, the advisor may also be tapped to underwrite representations and warranties insurance (RWI), reducing risk to both buyer and seller.

Because these policies are complex and business-oriented, you'll want an advisor experienced in navigating the challenges of mergers and acquisitions and/or business valuations.

Insurance advisors may be brought in on an as needed basis, typically upon the initial draft of the buy-sell agreement, again when changes are made to it, and before negotiations begin with potential buyers or investors.

LEGAL COUNSEL



Business attorneys are a valuable resource throughout the planning process, reviewing financial records and potential offers, drafting buy-sell agreements, as well as necessary documents for the actual transaction.

It's best to seek legal counsel with experience in business succession and/or mergers and acquisitions, though an estate planning attorney should be consulted before finalizing any meaningful transaction in order to assess the implications.

Legal counsel should be brought in for key events before a transition, such as reviewing financial audit materials, proposed valuations and buy-sell agreements, as well as during the transition event to ensure all proposals and final agreements are compliant.

PRIVATE WEALTH ADVISOR



A private wealth advisor can help you determine how the transition to new ownership or leadership impacts retirement and estate planning, working in conjunction with your tax and legal advisors. This is especially important for long-term financial planning, e.g., setting up trusts, identifying investment and charitable giving opportunities.

Wealth management is a highly specialized arena. The addition of transferring or selling a business adds to its complexities. The right advisor should be experienced, knowledgeable and responsive. Ask for referrals from the business community and check his or her credentials.

Your private wealth advisor should review offers before they are finalized. Best practice is to determine ahead of time what your goals are after your exit from the business. Then, your advisor can generate a plan to guide your investments and even set benchmarks for the business valuation designed to meet your financial needs.