Good <MORNING, AFTERNOON, EVENING> everyone. I’m <NAME> from <FIRM NAME>. I’m glad you are taking time today to meet with me to address your financial future.

This short presentation focuses on how business continuation planning could help preserve your business by providing a smooth transition of ownership and control.

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Costly Mistake

No Business Continuation Plan
= Business Left to Chance

Family-owned businesses are the backbone of the American economy.
Yet many small-business owners make a costly mistake: They have no business continuation plan. This leaves the future of their businesses to chance.

You’ve Worked Hard to Build a Successful Business

Would your business continue if you die or become disabled?

Will your business survive your retirement?

You’ve worked hard to build a successful business. Have you worked as hard to help your business continue should you die or become disabled? Will your business survive your retirement?

The fact is clear that continuation planning is one of the most important ingredients for a successful family business.

How Is Your Business Doing?

- Do you have a formal plan?
- Have you selected a successor?
- Do you know your business’s value?
- Do you have a buy-sell agreement?
- If so, have you funded it?

How is your business doing in its continuation planning? Here are some questions to consider.

<CLICK> Do you have a formal plan for continuing your business? If you do, is your plan located where someone else could find it if you were to die unexpectedly?

<CLICK> Have you selected a successor to take over your business? Is that successor named in your written business continuation plan?

<CLICK> Do you know the value of your business? Just to be clear, I’m talking about a professional valuation here, not your personal estimate.

<CLICK> Do you have a buy-sell agreement in place?
And finally, if you do have a buy-sell agreement in place:

<CLICK> *Have you set up a mechanism to fund it?*

Elements of Business Continuation Planning

1 Business valuation

2 Succession planning

3 Buy-sell agreement

With proper business continuation planning, you can help ensure that your business and the people whose incomes and lives depend on it will succeed when you're no longer at the helm.

There are three main elements of business continuation planning: business valuation, succession planning, and determining how your business will transfer to new ownership, typically accomplished through a buy-sell agreement.

Let's look at each of these things individually.

1. Business Valuation

How much is your business worth?

- Cost approach
- Income approach
- Market approach

First, let's look at business valuation.

Most planning opportunities involve knowing what your business is worth. Whether we're talking about selling the business outright and investing the proceeds, using a buy-sell agreement, or transferring ownership to family members, knowing what your business is worth is critical to developing a successful plan.

For a more precise valuation, you will need to consult your accountant or a professional business appraiser. But for a rough estimate, you might use one of these three general approaches: the cost approach, the income approach, or the market approach.

Using the cost approach, you evaluate your assets and liabilities to determine the net worth of your business. Three types of analyses can be used.

First there's the **book value** approach. Generally speaking, the book value fairly represents the value of the underlying assets that the business owns, less its liabilities. This includes the business's inventory, the cash it has on hand, the receivables, and any other business assets. Liabilities comprise accounts payable, taxes payable, bank notes, and any other outstanding debts.

The **adjusted book value** approach takes into account many of the factors that the book value approach considers, but it adjusts for the assets that have risen or fallen in value.

The **liquidation value** is a method of valuation that does not consider the business as an ongoing company. It assumes the business would cease operating, sell its assets, and pay all its liabilities. Whatever is left would go to the owner. This approach is meaningful only in establishing an absolute bottom price for the company, below which the owner/founder would be better off liquidating the company rather than selling.