

# the most important financial decision ever

BY AL BARTLINSKI, CPA

Al Bartlinski explores a subject that may seem unimaginable to you at this moment, but should figure in your financial planning sooner rather than later: exit planning.



For many school owners, their school is among their most valuable assets. If their dream is for the school to provide financial security for themselves and their families, consideration must be given to business succession or exit planning. By some estimates, the reality is that less than 15% of businesses survive the first owner's tenure. A Succession or Exit Plan can improve the odds of owners realizing their dreams.

Exit my business! You might be thinking, "That day is a long way off." Or, "I'll never retire. I'll keep working until the day I die." Statements such as these pre-suppose that you will have a choice. But that is not always true. For example, what about disability to the point that you can't function effectively? Or, premature death? (When it comes to my death, it will always be pre-mature!)

Also, as you go through life, your attitudes may change. As you approach financial independence, or will be financially independent with the successful transfer of your business, you may just want to step back a bit and enjoy the fruits of your labors, perhaps travel and learn about other fighting systems.

One of the most critical elements in creat-

ing a successful plan is time. The earlier you start, the better your chances of exiting your businesses on your schedule and terms. At a minimum, we like to have at least five years to implement a comprehensive plan. More would be better, although, under the right circumstances, we could possibly do it in less time.

Many owners have not taken active steps to transition out of ownership or ongoing involvement. The reasons for failing to plan may be:

- ▶ You may be thinking, "What's the rush?" (See the previous comment about time).
- ▶ You may have simply been too busy working in your business to be working on it—at least until now.
- ▶ You may be unsure of how to begin exit planning, who to use, or even where to begin.

Proper knowledge and preparation can mean substantially more dollars in your pocket when that inevitable day arrives. As statis-

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tics bear out, not having a plan most always leads to owners not getting what they had hoped. How can you avoid this fate? By engaging in an exit planning process that you control.

An Exit Plan begins by asking the questions that follow. Your Exit Plan will begin to be created as you answer each of the following questions affirmatively:

1. Do you know your retirement goals and what it will take—in cash—to reach them?

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2. Do you know how much your business is worth today, in cash?
3. Do you know the best way to increase the income stream generated by your ownership interest?
4. Do you know how to sell your business to a third party and possibly lower taxes?
5. Do you know how to transfer your business to family members, co-owners, or employees while lowering taxes and potentially enjoying financial gain?
6. Do you have a continuity plan for your business if the unexpected happens to you?
7. Do you have a plan to provide security for your family if the unexpected happens to you?

These questions are almost misleadingly simple to ask, but to answer them affirmatively requires thought and action on your part.

At some point, we will all leave our business, voluntarily or otherwise. Whether it is retirement, divorce, death, disability, etc., you

need a plan to ensure that your business will continue to provide you and your family with an accustomed standard of living.

In future articles in the Eagle Express, we will present more details about each of the steps to help you in developing an Exit Strategy that will be financially rewarding for you, your family, and team members.

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Al Bartlinski is the Managing General Member of Albert J. Bartlinski & Associates, LLC, a CPA and consulting firm specializing in business development, exit planning strategies, and business valuations for small to mid-sized businesses. Their mission is helping busy owners maximize the success and value of their business so they can enjoy more fulfillment and prosperity during their working lives and upon exiting. He has been actively involved in martial arts for over 43 years, and since 1971 has been an owner of a full-time karate school in Maryland.

Al will be presenting a "break-out" session at the 2009 EFC Summit entitled "How To Run Your Business So You Can Leave It In Style."

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*Dave Kovar's*

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them why martial arts at this school is perfect for the person they have in mind.

**CDR Muffley:** Thanks, Dave.

**Dave Kovar:** And thank you Commander. And thanks again to EFC for all you do to help schools be successful.

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To learn more about Dave Kovar's new Enrollment Accelerator and Inquiry Generator, visit [www.KovarSystems.com](http://www.KovarSystems.com). We encourage you to go through the product tour and test drive both products.