**Business Succession Planning - Making It a Seamless Transition**

 Thanks, Alexa Ellliott and welcome everyone. I'm sure you've seen the surveys that have popped up on your screen and I on your screen and I will take a minute to share the first one, the results. It looks like looks like we have a pretty even audience and I will try to make sure that I touch on those who are thinking about a business or 3-10 years or 10 years plus are helping those that don't know what they want to do or how to go about to go about their business. You should see the results now. So, one of the things that I discovered when I sold my sold my first business, I started a second business and when I was going through it, there were things I did not expect and I'm sure if you've ever talked about selling your business or you are in a business and someone contacted you and contacted you and how long does it take to prepare and you have a lot of transactional approaches to it with information readily available on any Google or yahoo search. But, there were a few things that came up that I wasn't prepared for. You can have the brokers and the attorneys and CPAs lined up but you won't have a counselor or even a punch buddy available because you will have a lot of stress, lot of frustration and challenges. There is not that easy button and there is an emotional side that I wasn't prepared for. It takes a toll and impacts you as a business owner. What we did, we came up with another member, a female, who had sold her business after I sold sold mine and we had crossed paths at a board meeting and she said, can I take a few minutes and talk to you and ask you some questions? I said, sure. As we began to discuss, we realized that there is a lot of emotional bombs that can go off at any time in the process of selling your business. There are several factors and there is the transactional side that can handle the aspects with the attorney and the CPA. They are coming to you with needs and requests and information and usually, this is done with none of the employees involved because, usually, they don't tell the employees until the very end when you are about to close or even after you close. you are about to close or even after you close. All of a sudden, they will come to you and they will say, I need an AP Journal, the AR aging. Depending on the level of your business that you are in, this may not be something you readily have access to or worry about on a week to week or month by month basis. You have a financial or CFO person running it but then you have to go to your employees to request this information. You suddenly are very involved in a business where you normally would not have to be involved, especially if you've built a multimillion dollar business and have multimillion dollar business and have several employees. You may be in business for 10 plus years and it might not be the stage you are at as an entrepreneur after you put your effort and energy into growing it. It raises red flags and then you feel as you run around and ask for this information, that there is an elephant sitting in the room and you are trying to hide it. You think everyone sees it and feels it. They could, possibly, but this is the beginning of generating the emotion in you that we naturally have, as humans, that you have to struggle to overcome while dealing with selling or business. It's not easy to do. As a fellow member asked me, she said, what was it like and what did you experience and how did did you feel? I said the best way to describe it to her, to her, was that I wasn't prepared on certain things. things. If you went in for a full physical, a head-to-toe full physical, imagine 10 people imagine 10 people standing there and you being inspected from head-to-toe like -- everything is open and there are 10 people studying you and judging you. They are asking why you made a certain decision. You know, why did you do something a certain something a certain way and they're trying to scrutinize you. It's very, very hard. As we start a business or even if you buy a business and grow it or start a business from scratch and grow it, it's our baby, our child. We nurture it and invest in it and we are emotionally attached to it. To have someone scrutinize every single decision you've made and have you answer for every number on every number on the financials, it can be a challenge. As we began to talk -- she said, that's how I feel. I said, let me help you. I became her you. I became her punch buddy and she would call me when things got up on her and we would talk things through. We would recognize where she needed to be and how she be and how she needed to respond and who best to help her support going through the transition and the dealmaking of the business. For her selling the business -- so, with that so, with that being said, we have to talk about, you know, some of the types of selling or succession planning. Again, this is not a high level transactional way to sell the business. There are plenty of perceptive nationals out there in research. But I wanted to share thoughts and considerations share thoughts and considerations with you when deciding how or when or who to sell the business to. You want to consider this on day one. So, who are you selling to? Do you have an employee that you are wanting to buy the business, to buy the business, or do you have a family member that wants to succeed you? With that being said, is it going to be a slow succession? Will you map out how much you get as a down payment and they give you monthly payments and you stay on as a consultant until you reach the point where the business is paid for and you've transferred all of where the business is paid for and you've transferred all of the stock to them? Or, is it a straight out purchase? Usually, that comes from a competitor and for example, in my example, I owned a business in Florida and Georgia and we had distribution rights for all of Florida and Georgia and a distributor wanted toall of Florida and Georgia and a distributor wanted to come in and own Florida and Georgia. Instead of trying to come in and Greenfield and try to grab customers from me, even though we've been in business 10 years, it's easier for them to expand by buying me out. They are looking for that turnkey operation and those are kind of the different ways you can sell a business with the employee, competitor, or family. Then, when? You went to plan on the timing and you want to make want to make sure that you are in a good position to own the to own the sale. What I mean by that, is as you as you are going through this process , you have to walk away at any point in time. If you feel that you can't turn around and walk away from this, then the emotional scales are not tipping in not tipping in your favor. You may make decisions based off emotion and you won't have control or make the right or the best decisions. That's where brokers and attorneys come in and that's where the mentors come in. They keep you leveland that's where the mentors come in. They keep you level and with both feet on the ground. The one test that you can always say, can I walk away? If you can walk away, you are in control and you can push through and continue to sell the business and get the benefits from it and know that you are making the right decision and not an right decision and not an emotional decision. What type of purchase? A stock purchase or asset purchase? Depending on your business and how it's set up and how you sell it, there is a tax implication one way or the other. You want to make sure you have a CPA and a tax attorney advising you because you don't want to get want to get hit with a large tax bill. You want to make sure you make the right decisions, personally, as you go through the transition of selling your business to a competitor or a family member. Even a transition and succession has tax implications. Okay. What is the difference? Successor versus selling? It is about the timing of it and can be the structure. It could be the tax implications and can also be who also be who has control. If you have a competitor coming to by you, they tend to have the control. They have more control as the buyer because they are paying you money for your business, and therefore, they can control certain aspects of it and they can control a little bit of the closing and they control how much will be held back in escrow and they negotiate on the negotiate on the pricing and they can control when you can and cannot tell your employees and when your employees and when you can and cannot make an announcement. You know, a media brief. You do have a loss of control when you out right sell it, but that is because they are paying you money for your business and, therefore, they are able to scrutinize and control. It's only fair, if you think about it. If you were buying a business, you would want that control, as well. If you have a successor, you have more time on your side and more control over how and when this happens. It can be a joint decision. If it's an employee or family member, usually, your employees will know who that person is and you can come together to say, we are doing this and will do this over a period of time and will make this a slow transition. Therefore, it will be less disruptive and you will have a little bit more control over it. So, again, I'm laying down some things that you will hear or things you want to think about or consider when selling your business. When selling your business. When it comes to negotiating or the business evaluations, that is where your brokers come in. You definitely want someone on your side. They take the emotion out of it and have those hard conversations. If you try to negotiate yourself, you will find yourself on the emotional scale being unbalanced. You will get emotionally invested in it and won't come to the question of, can I walk away? If the answer is no, the emotional scale is tipped not in your favor. Consult with a broker or attorney that will help you have those will help you have those difficult conversations to navigate through how the structure of the sale will go. I wanted to point out a few things. What you will hear is that the business valuation -- industry does matter -- it can determine the purchase price. If it is a service versus a product and they are buying -- if you have a business in the service industry, is the business in industry, is the business in your name? Does everybody recognize that Tom Smith's insurance is the best known insurance company? However, Tom Smith doesn't own it anymore when you sell it. They have to keep your name until the customers get comfortable with the buyer. When you start a business, people would consider not putting in your name if you may want to sell it. You want a name people recognize that doesn't personally attached to you. When you buy a service, are you buying a contract? Do have customers on a monthly basis, quarterly or yearly basis that pay you? If so, are they under contract? Are they under contract for one year, two years or three years? Is the contract transferable, or do they have to negotiate a new contract with the buyer? That can influence the purchase price on the service side. On the product side, do you have the whole inventory? If you are holding inventory, you know that's part of the purchase price and do you have machinery and do you have machinery and desks and phones and cash registers for retail or beans for storage if you shipped? Those are all the tangible assets they can purchase. Then, you have the blue sky value. You have service contracts where you sell a product andhave service contracts where you sell a product and how long is that for? Is it transferable? Those are very important and it can influence the price of the price of the business. When they come in, they want to have a turnkey operation. As I mentioned before, the buyer doesn't have the store the store in Florida. They don't have a presence in Florida and if they buy my company and it's in Florida, now, all of a sudden, they have automatic presence in Florida. Turnkey operations tend to result in a higher price because, as a competitor is buying you, they want to come in, transition and folded underneath their company and keep moving forward and growing. They invest capital however they want to look at it. capital however they want to look at it. You definitely want to consider these things way ahead ahead of time. You probably would do this the day you start your business or buy your business because he want to make sure you have that team around you. You want to make sure you have an attorney that is able to help you in a sale and that you have a strong CPA that advises you correctly. You want them to understand your culture and to understand your business before you start selling. If you don't, you assemble a team 1-2 months before you sell the business and they don't know you or your business and this will be negotiating on your behalf. You will want that team negotiating with you while you monitor the relationship, at minimum, one year before you consider selling the business because you want to know each other. You will be going through a challenging time and you will want them to have your back. and you will want them to have your back. The emotional side of selling a business -- I touched on types of purchases and how the price can be influenced. Pricing is important and we want the best price and to walk away to know we got our money's worth worth for everything , the blood, the sweat and tears, all of the of the nights and the payroll and all of the notification that you carry with you as a business owner. You want to get your return on what you put into it. The emotional side is something people don't consider and this is where I will spend is where I will spend my time, discussing it on this webinar. There was a fellow NAWBO member who sold her business and she came to me. We started talking and really started understanding that there is a whole side to selling this business that is emotionalthere is a whole side to selling this business that is emotional and it may not have, in consideration. We had a panel at the women's business conference for our NAWBO and that panel was set for 45 minutes. It went over two hours and the room was full. The reason is because it was a conversation that you don't normally hear and that a lot of people didn't think of it and it was interesting because when we started building out the panel, for the the conference, we had a broker on. We had two business owners that had sold their business. We discussed this panel and the brokers said you need to tell them this -- there is a transaction -- they were focused on that piece. is a transaction -- they were focused on that piece. And we had to argue back and say there is another aspect that's not in your book and it could make or break a deal. In fact, if you understand this part of it, you could probably get a higher price because he will have a more stable and emotional business owners business owners selling versus getting irrational and and frustrated and walking away or affecting the price when selling affecting the price when selling the business. They would lose their temper, maybe, or something goes wrong and the deal the deal falls through. As we talk through this, the day of the panel, the broker had told myself in the business owner -- she said -- I just want to thank you so much for having that conversation with me. you so much for having that conversation with me. I'm going back to the business owners and I asked them how are asked them how are you doing. And I said, how are you doing as a person? She was having a hard time. She said it's very stressful and I'm concerned about this and then they started a they started a different conversation. She was able to work them through our talk through these emotional things that would not have normally come up on a transaction. would not have normally come up on a transaction. That is the part that was important that we wanted to touch on and what I will touch on today. The emotional side of selling a business, you have your ducks in a row and survived the 2-3 months of physical scrutiny from the group of people and you are getting ready to close or have closed. When do you tell the employees? This can be controlled by the buyer or you can tell them as you get to the Endor after the sale has been completedyou get to the Endor after the sale has been completed . You could tell them a month before but not too soon. Competition and customers will get wind of it and you could lose business and therefore, it could affect the price. You could tell them too late and then all of a sudden you are a leader who built a solid business, family environment and trust between management and then you are the enemy, now. You've You've betrayed them. They weren't prepared for it. You can't tell them. It's even worse if you have an employee who says, I turned down a job because I love working for you and this company. If I had any idea, I wouldn't have turned down this job. You approve vacations that are six months out when you know you won't be the business owner in three months. Make sure you transfer those vacations and negotiate that with the buyer. At the end of the day, if they give you a good price for your business and don't want to honor it, that's a possibility. Or, an employee just bought a house or signed a contract to build one. There is uncertainty of pay and job satisfaction. You have fear and greed, two big emotions two big emotions that drive us in everyday decisions that may affect your employees. The status quo quo is gone and he went from a leader to a trader and this can take a toll on you, personally. These are variable situations that will arise and it can generate emotions for everyone. At the end of the day, you are the business owner and owner and you've made personal sacrifices and it was your risk, your commitment and you are selling or business. It's an honor and a right and if you know you are selling -- as mentioned in the previous slide -- start creating that relationship with managers and employees ahead of time. creating that relationship with managers and employees ahead of time. If you say, I'm selling a business, it is something they were prepared for. With the mindset, with the employees and managers, I'm the business owner and my exit strategy is selling the business. It's hard because we all want to be family. If you know you are selling the business, you may want may want to change and manipulate that mindset. And want to make sure you understand how to pull certain reports. I certain reports. I was fortunate because I was involved on the financial side of my business. It was easy for me to grab a report but my fellow NAWBO member selling it, it was not something she had her hands in and she would have to go to her CFO and asked them to run and asked them to run certain reports. It makes you feel like you are keeping a secret. You have to. These are the things that could hurt or make or break a deal or influence pricing and it'sor break a deal or influence pricing and it's something you will go through. It may not be all of them, maybe some of them, but you will go through this if you've built a successful business. Employees are the backbone of the business and we of the business and we need them. Let's say you've sold the business and are planning for your next chapter. It was almost like raising a child almost like raising a child and your child is graduated and you are an empty nester. What next? Will you start another business? Will you retire? Will you go into consulting? What are you going to do and what does that look like? If you've grown a business and sold a business, your next chapter will be completely different. As referenced, it's almost like exercising like you are 20 years old but you are 60. When you start a business, you forget. You forget challenges that you've faced and it takes a lot of time and effort and energy and sacrifices. If you are not preparedenergy and sacrifices. If you are not prepared to go through that again, you know, it's going to be a challenge. I went through that. I started a second business. I don't think I was prepared for everything to do another startup and it was in a different industry. I faced many, many challenges. I would not say that was a success on the second second time around. I had success the first time around and sometimes it may not be successful the first time, but it will be successful the second time. Passion is the key, no matter what you decide to do or what your next chapter is. next chapter is. You need to have passion for it. It's going to take effort and energy and brain power to start up in other business. If you go into consulting, great. I was on the product side in a CEO group. We joke that when I grow up, I'm going to sell a service because I won't have to worry about cash flow and inventory. In the service industry, they say they will sell a product because selling a service is so hard. There's two sides to every story, two sides to the coin. It matters on where your passion lies in your experience experience lies and what your age is. Is it a lifestyle business? Will it keep you busy and pay the basic bills and the proceeds will go in a fund to retire and not have to worry about cash flow? It could be good and bad. Just understand what you want to do and what it will take to get there and the challenges you will face and make sureit will take to get there and the challenges you will face and make sure you have a group of mentors that will help help you get through it and survive and address challenges that you have. Thank you very much and, hopefully, I was able to touch on some things you had questions about. I believe we will turn it over to Alexa and open it up for questions.

 We will move into the Q&A portion of the webinar and we will use the remainder of time to addressand we will use the remainder of time to address as many questions as we possibly can. If we do not get an opportunity to address your question, we may receive more questions and time does allow us to answer, but if we are unable to get to your question in the webinar, we recommend that you connect with your SCORE mentor after today's session and if you are not already working with a already working with a SCORE mentor, go to the SCORE website at www.SCORE.org to get further information about the mentor services. You can request a mentor at www.score.org/find-mentor that can assist you further with you further with the strategies and the business needs. Moving into these questions, our first question, we have a few questions that came in. The question, the first one is -- are most businesses being sold that are brick-and-mortar stores rather than online e-commerce businesses?

 It could be both, especially in this day and time. There is a lot of businesses, even those that were brick-and-mortar are trying to move to the e-commerce side. There's two different e-commerce sides. They don't have brick-and-mortar, but you have a warehouse with with employees and you handle your own product and ship your own product and you only sell it and sell your orders to a third-party fulfiller. Those are two e-commerce businesses and both bring a certain value to it. The one where you have the e-commerce business and fulfill your own orders would involve tangible assets. Those are hard assets they would be buying. Do you own the business or the warehouse you are set up in, or are you leasing? Can you sublease? Those are things he would approach on that. Is it e-commerce and you are doing a third-party fulfillment? Will that third-party fulfillment continue to do it, or is the business buying you wanting to do their own fulfillment? Therefore, it would affect the the gross margins, and that may affect the purchase price.

 The next question, if it's possible to sell a business, currently, regarding that most people are isolating themselves in their homes and not wanting to and evolve in to and evolve in risky ventures?

 Sometimes, this is the best part and people want to take advantage of that. There are business owners I've spoken to and we've had conference calls with our NAWBO women and some have lost hundreds of thousands of dollars in revenue, immediately. Event planners or those that offer security for events. There are no events anymore and they immediately got canceled and stopped and they had to lay off many employees. It's very challenging at that time. There may be one or two things with a backup plan backup plan or support. You know, we have the SBA and those that can support us and you have the local organizations that support you. When you go through that, if you are at the point where you don't want to go through that anymore,where you don't want to go through that anymore, you know, you may be faced with a hard decision. Or, when you get back up and running, you may be first in line to sell your business because you don't want to go through that again. The second part would be where you recognize your business can still survive even if you have to move your employees to virtual. I had that happen. I moved my employees virtually on the second the second business because we had a lot of challenges and I tried to figure out ways to reduce cash flow. I ended up moving my entire crew to virtual and ended up getting more business done and we became more productive. There may be a good side where they realize that they can work remotely and not have to pay a lease or have a building. That reduces overhead and increases your profit margins and the higher the profit margin, the higher the asking price for what you are for what you are selling it for.

 I want to take this next question. Could you advise or give suggestions on what kind of discount to be applying right now due to COVID-19? Selling a restaurant -- unsure whether I should be slightly discounting, let's say 25%, or deeply discounting at 90%? What are your thoughts here?

 It's definitely a broker question. I definitely would work with your broker, or whoever you are working with in selling the business. You don't want to try to sully business by yourself, specifically about what I said on the emotion side. This is challenging. I spoke about the two emotions that drive us, fear and greed. Are you selling the business out of fear, or out of greed? Like, I want to take as much as I can off the table and not worry about anything anymore. It's my personal -- I don't want to deal with these problems anymore and I want to walk away? Or, are you selling it out of fear, thinking you fear, thinking you won't recover? Only you can sit down and answer those questions for yourselves. You will want to discuss with a broker. It might be treated like the stock market when you call your investment banker and say, what do I do? A lot of people panic and sell and then they lose a lot of money. The economy bounces back or everything bounces back and you reacted too quickly. My personal decision, if I was sitting here, I would not sell my business right now because I would not want to discount it and I don't want to sell out to sell out of fear. That would say, can I walk away? That's how I would approach it and the things to consider on the pricing side, talk to your broker. I caution anyone selling anything under the emotion of under the emotion of fear.

 Moving back to the last question, do you recommend seller financed?

 A great question and a lot of people do that. There was seller financed in my second business and what happens is that you get a certain down payment and you end up getting the payments monthly or quarterly or how you set it up. There are two sides to that. Number one, you now have an investment and the person buying it from you, they feel more secure because you will be involved in the business, because you are invested in their success. You also run the risk of still run the risk of still having equity tied to that business and the fact that if they don't run it right, if they manage it incorrectly or if something comes into if something comes into wipe out the business, that you've lost your money on the sell price and it can it can be challenging. Owner financing is a really great way to transition and sell a business and have a reoccurring income. And also helps with postpartum depression because you will be involved with having the interest in the business. You want to make sure that it is successful and succeeds and then it helps on the tax implications because you aren't getting the lump sum. If you know your buyer and are happy with them and in an industry where it is foolproof from recession or emergencies, like I was in law enforcement and first first responders and my industry does not go away. The worst it is, is is it industry proof? Those are all things to do it. Selling a business with owner financing is done many, many times but make sure that you keepmany times but make sure that you keep the down payment larger that if something happens to the business, you do have the bigger piece of the pie upfront. Or, make sure that the terms of the business are short term talk, to where you are recovering the purchase price, the sale price in a shorter period of time, reducing the higher risk of something happening in risk of something happening in the future.

 Okay. Do you have suggestions on how to to best structure a sale to a key employee, the owner wishes to step back?

 Yes. Obviously, there are different ways where you have the ESOP, employee stock option purchase and employees utilize this but at one point, I was looking at that as an option and they said it would take anywhere from one half million dollars to $1 million to get everything set up to handle it that way. However, at the end of the day, you get a much larger piece back in the employees are invested in the business and it helps the growth of it. If it is one specific key employee you are selling key employee you are selling at two, they are knowledgeable in the business and there is less betrayal because the people already work with this person. You want to structure it and handle as a purchase, as he would a normal buyer from the outside. You want a broker to come in and the negotiating is handled outside and you are not the owner and they are the employee and they will step back. They can't be the employee buying the business. They have to step back and buy the business as an independent buyer. and buy the business as an independent buyer. Your broker and attorneys are there to advise on this because there are things to consider in things you have to watch for to make sure you do it correctly. watch for to make sure you do it correctly. I don't know, but I know enough to say that you definitely want to consider talking to an attorney and broker before you set up a sale with just one employee.

 Would you say this is the same regarding succession to children succession to children already working in the business now?

 My knowledge and understanding, it is different on succession planning for how some people do it. Many family succession plans we have, parents have their children by them out or they do transfers of stock as gifts and gift them over through the business. You have to get a CPA and tax tax attorney involved to make sure you understand the tax implications. There are several ways to approach it, based off you, as a parent. As a parent, myself, I hoped my kids wanted to succeed me, but they didn't. That wasn't an option for me but as a parent, if I would have succeeded to my children, I would have made them purchase it made them purchase it from me. It gives them a sense of responsibility and a sense of ownership. Working with family can be hard. As a parent, if you pass it over to your child, you still feel like you have a right for an opinion. I've seen families broken up over this. If you sell it to them and they've bought it rightfully from you, they are the owner and it is a business relationship and not a family relationship. It helps draw that line and those are things I would consider when you think about succeeding it to a child or a or a family member.

 This next question , asking for your thoughts on the tax code section, 453, to minimize taxes at at the sale.

 I have no idea. I do not know. I know the things that affect it, whether the S Corp. or the C Corp. and I know Corp. and I know it affects it for how much money you invested on the front side and how soon you sold the business from the time you started it. You put your personal investment in and then the type of business of what you can and cannot write off. All these things are very important and I personally can't speak can't speak to that. There were several times for a tax attorney to help guide myself and the CPA and you want to make sure you have a tax tax attorney involved.

 Is there a benefit of having financial certification by an accountant before selling? How many years ahead should that be done?

 That is definitely important and if you have a business that is $1 million or more, you definitely want to look at getting your financials audited. A couple of reasons is that number one, it goes through a review. A buyer coming in to buy a business will get financing a lot easier if you hand over hand over audited financials. If not, the bank or whoever -- whoever the buyer is getting their capital from, whether from a venture capital, themselves, or a bank -- it does it through a bank or capital investment -- they will want to see audited financials. If not, they will want to do one from scratch and double check the audited financials. This is the biggest key because they will scrutinize every line item but if you've gone through if you've gone through that process consistently over two two-5 years, you are more reputable and it will be easier for will be easier for the buyer to pay a higher price and to get the financing to buy your business. Audited financials are very important. If you are a business owner, you will want financial audits because if you want to do a home loan or car loan and they see that you own your own business, they will ask you for audited financials and your tax returns. Audited financials are looked upon fairly well in the banking industry.

 A follow-up. Is there an expected average there an expected average time frame to sell a brick and mortar retailer?

 It depends on the industry and on the location. In other words, if you have multiple locations or a single locations or a single location, if they are buying turnkey or depending on what the revenue is or depending on the person buying it -- if it's a person buying or business and they understand the industry but are not dominant in another location, they will take more time learning about it and scrutinizing it. If it is a competitor that you have worked with 5-10 years and you all know each other and have hung out have hung out at conferences together and know your business and he or she is coming in and taking over something they are already doing, it will shorten the time because they are comfortable and they know you and your customer and your industry. If it has anything to do with venture capital, it will be an extended period of time because they will want to do all the research. It could be anywhere from 3-6 months, 6-12 months but what I've seen on a clean and straight through cell, it's 3-6 months.

 Next question, can you talk a little bit about how you would start a conversation with an employee you are wanting to sell your business to?

 That is a good question. It could come up in casual conversation in casual conversation and sometimes you may toss it out to see who bites. If you have a specific employee that you think would be greatspecific employee that you think would be great at succeeding you -- and make sure you've talked to an attorney or broker before selling it to just one employee because there are considerations and things we have to do. On the conversation side, if you have a particular employee that you know will run the business well, go out to lunch with them and talk about succession planning. Just say, I'm looking at succession planning and several different options and several things to consider. Ask their opinion on it and see what the feedback is. They may say, may say, that's great. You may want to sell it to this -- but, I'm not interested or, I can't imagine owning a business. Those would be red flags or if they are a good buyer, they would capture on that conversation you're having with them. Be straight up that you are considering these things and these are the potential options I have in selling the have in selling the business and this is out in the future and downplay how long it will take, but toss it out to see who bites. Personally, I had an employee and she had left my company to work for another small company because they were eventually going to buy that company. I had known her for a while and she told me that she and her husband had and her husband had wanted to have their own business. When I had some accounts to move over, I approached and said, are you interested? If you still are, let's talk. We did it over a 4-6 month period. We discussed how it would look and what it would look like and what would benefit them or not benefit them and then I became a mentor to them and transferred it over. That is how it happened with me. I knew a specific employee who wanted to own their own business and I own business and I approached them.

 Next question asks, during the succession process, would you provide thoughts on any additional insurance needed?

 Insurance? There would be -- the insurance for the key employees? You would definitely want to make sure that they had life life insurance. If you did a succession, especially those that are payments where its owner financing for a portion of it, you definitely want to take out life insuranceyou definitely want to take out life insurance on the key players, whether key employees succeeding you or key family members succeeding you. If you have top management and they didn't show up to work the next day, you would survive because you don't want your business to depend on one person, it would be a big struggle and you would want to make sure that you have life insurance on them, as well and on them, as well and that provides security. It provides for the person buying it or security to make sure that if something happens to the person that bought it, that there is enough money and that the portion would go to close out the purchase price and if a bank or venture capital are funding it, they will want to know if something happens to the people they lend the money to, that they can recoup their money back. Life insurance is usually is usually a good conversation. It may involve financing.

 The next question comes from Nina, currently owning a women's clothing store and she said she does not have any family to take over the business, should something happen while the business is running. She wants to know how to prepare a strategy for the business and in any family to take over the business, should something happen while the business is running. She wants to know how to prepare a strategy for the business and in this circumstance.

 That would be estate planning. He would have someone to bring in as the executor and they could handle the sale for you. With not being directly involved if something happens as a business owner, you would have somebody come in and take over running the business to set it up in order to sell it for you and your estate wouldset it up in order to sell it for you and your estate would benefit from the proceeds and it would be if they didn't find a buyer, they buyer, they would process closing the store by selling off all of the assets, or to auction off or sell the proceeds or the assets to another company and basically, just liquidate the business and put the money into the estate to be distributed to your family members. Those are a couple of different ways and if you different ways and if you have somebody that you know wants to succeed you outside of your family, you may want a conversation with themfamily, you may want a conversation with them to talk about it. If anything happened to me, would you consider running my business or taking over my business to make sure that it stayed status quo until you were able to find a buyer? That's what we did. We have very close friends that are that are considered family and if our children were not alive or not able to take over the business, over the business, we assigned the business to him and he was responsible for preparing the business to sell and then taking the proceeds and putting it into the estate on behalf of our children.

 Next questioninto the estate on behalf of our children.

 Next question asks, how do you find a broker for a for a service based business with a single employee who is also the owner?

 Networking is a huge part of being a small small business owner. Networking, whether for sanity or making yourself get out of the office or recognizing there are others facing the same challenges that are there to support you but networking also allows you to get to know people before you need them. I always found that was the best way. I would not work with peoplethe best way. I would not work with people and I would become mentors and we would become friends and I would watch how they did business and I would understand them and talk to the customers. I got to know know them before I used their services and that's what I did with all of my CFO insurance agents. I networked with them way before I used them for services because I understood who they were as a person, first, and how they ran their business and how successful they were and how long they were in their business. I used that to decide. I caution about going to a broker you don't know. Look to your your networks, whether the chamber or a women's business Center or SCORE or SBA, there's a lot of resources and they work in the community to give you a to give you a solid referral to somebody that is known, respected and trusted for making the making the right decisions.

 Several people in the audience asked about determining the selling price or value of the business. These came from service based businesses and retail. Any advice or suggestion on making suggestion on making those determinations?

 I can share with you my thoughts. I'm not a broker and it depends on it depends on your business. There are several ways of doing it on a straight out service based business. It could be It could be the value of the contract. If you have contracts with customers that you do accounting with or specific do accounting with or specific services on a monthly or quarterly basis that generates revenue for you, that could be tied into the asking price, especially on the service. It's not a cost of goods, it's straight out whatever your straight out whatever your questions are. What with these keep in order to continue running the business and growing the business as you currently have it currently have it in the state that you are selling it in? You have your revenue and then less any expenses and that can help determine the purchase price, whether -- and again -- Weather 1.5, 2.5 or a 5.5 multiple and that would be that would be based off the agreed revenue, the agreed net revenue or the agreed gross revenue. The industry definitely depends on that. If you have a product side, it's the revenue less the cost of goods, more of the EBITDAside, it's the revenue less the cost of goods, more of the EBITDA and they take that based on your industry and do it 1.5 to 5.5 and one thing that I know will affect it, is if you have a lot of inventory. You usually don't get a high multiple because they are buying so much of the hard assets that the multiple will be a little bit lower. In this you have a high gross net gross net margin business, above 10% net, you definitely will get a good asking price for it. What comes into factor is, what are they buying, is it turnkey and how much do they have they have to invest in order to keep the business going or growing at and at the end of the year, they want to see that you have a good solid net profitto see that you have a good solid net profit that would be higher than 10%.

 Next question is from William asking, what type of attorney, in terms of title, do you use in selling a business?

 Several businesses and usually, the brokers have people they they work with and any business attorney will be able to guide you and assist you on the legal side to create the contracts, so, you know, that is who I use, a business attorney. I did involve a tax attorney and what we did was the attorney that I I worked with, I got a referral for a tax attorney and then I brought in my CPA and my CPA, my tax attorney and business attorney were all involved in the discussions to consult each other becausein the discussions to consult each other because there are specific tax attorneys for a reason. I even testified in front of Congress because of the complicated aspect of our tax code. It was so confusing and costed me more money so I could save myself money and at the end of the day, I'm not sure I did. It's very important that you have those those things covered, to cover yourself.

 The last question, do you have any good resources, whether online or books to recommend that cover these strategies? Any of these to go to?

 That is a great question. I should have been prepared to have a couple of books because there are some NAWBO women that are brokers and I know that they've written books and I feel bad that I don't have the titles in front of me. don't have the titles in front of me. In a book that specifically talks about a business owner that sold their business and they now are a broker, they have two sides of the coin. With failing to provide a good title of a book, I would recommend looking I would recommend looking for someone who has business experience and broker experience because they will see it from they will see it from both sides. I apologize that I didn't have those available, and I should I should have.

 Yes. These are all the questions we have time to take in this live webinar but we want to recommend that after today's webinar, if you you aren't working for a SCORE mentor, we have a SCORE mentor that can help you as a great resource in applying these strategies. They will assist you with questions you still may have and will develop through this process. If you are not already working with a SCORE mentor and want to goworking with a SCORE mentor and want to go to the website, go to www.score.org/find-mentor and it will give you all of the information information you need to get information about the mentor services and request request a mentor. Mentor services through SCORE are free for the life of your business and we highly recommend that you take recommend that you take advantage of that, as well. As a reminder, we will be sending out the link to the recording of this session and we also will send everybody the will send everybody the slide deck . If you did not already got the opportunity to download that from within the web player, we will send that through email. I also want to go back because if you missed the introduction to the webinar, I want to to conclude by recognizing this unique situation that all businesses are in right now and impacted by the coronavirus outbreak. We remind you that SCORE is here for you. Our mentoring services are going strong and available, virtually, if not already working with a SCORE mentor, as mentioned mentor, as mentioned before. Go online and get further information at www.score.org/find-mentor. The home page is updated with a wide variety of COVID-19 resources COVID-19 resources and you can access those by simply going to the SCORE website and we also are preparing to hold a national webinar in early Aprilto hold a national webinar in early April to answer your specific questions. I want to mention that while the majority of us of us are homebound now, and possibly having a little bit of extra time to take advantage of some online training, I want to mention that SCORE records all live webinars and we archive them on SCORE.org. If you are not already familiar, access those at any time at your convenience. There is a wide variety of online courses and resources available to take advantage of, as well. On behalf of SCORE, I'd like to thank you all for attending today and I'd like to give a very special thank you to Teresa Mears and thank you so much.

 It was my pleasure. Thank you.

 We wish you all good health and safety and resilience during and resilience during and after these unique and unchartered circumstances. Take care and we look forward to seeing you back you back next time.

 [ Event concluded ]