

PROJECT YOUR GOALS  
**Scorecard**

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At some point every business owner will leave his or her business. Preparing for this event will help create a smooth transition during the exit or transfer process. Additionally, this preparation will help protect against the unexpected. The 10 questions in the Scorecard focus on areas that need to be considered when preparing an exit strategy. Absent proper planning and implementation, the business owner or family may be forced to sell the business below market value. Thinking through and strengthening your exit strategy will help you, your business, and your family in the future.



Score

## Goals.

The most important long-term goal for transitioning my business is to:

- 1) Create a multi-generational legacy, 2) Sell the business for the highest amount, or 3) Perform an orderly liquidation.
- a. I have carefully thought through and understand the processes for an orderly transition of my business.
- b. I have an exit planning team that understands the value drivers in my industry which will allow me to exit the business under my terms.
- c. The company follows a written business plan outlining the projected growth of the business. My business plan is aligned with my exit plans.

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## Dependency.

My business is not completely dependent on me to operate efficiently.

- a. When I am away from my business, the operation does not need me for every immediate decision.
- b. Top clients would not leave the firm if I were to exit.
- c. My management team is strong and able to step into all vital roles if needed.
- d. If a key employee was to leave, become disabled, or die, there is adequate protection in place to ensure my business can still operate successfully.

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## Protection and value.

Preparing, protecting, and adding value to my business is always a top priority for me whether or not I am ready at this time to exit my business.

- a. Key employee incentives are current.
- b. Insurance policies are current.
- c. All operational agreements are current.
- d. The company has recently completed a valuation.

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## Diversity of assets.

I have a plan and have implemented a strategy each year to diversify liquid assets away from the business in a tax favorable way.

- a. More of my net worth is outside my business than in my business.
  - b. My current assets clearly reflect my risk tolerance.
  - c. I understand the tax implications of my business decisions.
  - d. I have a team of specialists with various backgrounds to help assist in key business decisions.
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## Retirement income.

I have determined the annual after-tax income I require at retirement to support my current lifestyle.

- a. I have a written plan that will help me achieve these long-term goals.
  - b. I have invested in appropriate financial products that will enable me to protect, grow, and diversify my liquid assets.
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## Time after exit.

I have a clear vision of what I want to do with my time and talent upon retirement.

- a. I have discussed a timeline for exiting the business with my family and business partners, and they are fully supportive of my plans and timeframe.
  - b. I am already engaged in some of the activities that I plan to enjoy after exiting from the business.
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## Business financials.

My overall business is robust and healthy – sales and revenue have grown consistently in the last three to five years.

- a. Cash flow is not something that is a concern.
- b. I consistently receive reports or updates on key performance indicators of my business.
- c. Most of my revenue is not concentrated with a small amount of the firm's clients. No single client represents more than 15% of the overall revenue. The business's main revenue sources are diverse and recurring.

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## Core competency.

I have never had an issue saying no to projects outside our areas of expertise.

- a. My team is aware of what we do best and promotes this to potential clients.
- b. We have quarterly meetings to discuss our business strategies and target markets.
- c. All of our employees are aware of the most profitable segments of the company.

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## Redundancy.

The company's systems and processes are documented and easily transferable.

- a. Every employee in the firm has a back-up, including the CEO.
- b. There is a policy and procedures manual for all processes, and all employees know where it is.
- c. All workflows are reviewed on a yearly basis to ensure efficiency.

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## Wealth transfer.

I have a written plan or agreement on how I can transition my business to a family member or business partner.

- a. My estate plan has been structured in a tax efficient manner.
- b. My beneficiaries have a sufficient financial background to enable them to manage future wealth.

Total

## 80-100

My business is in excellent condition for a transfer or sale – I have put in place the proper systems, processes, and financial strategies for now and the future that will protect both my business and my family.

## 70-80

My business is in adequate condition for a transfer or sale – some of the systems, processes, and financial strategies need to be addressed immediately.

## 50-70

There would be some challenges trying to transfer or sell my business – some of the identified areas should be addressed immediately.

## <50

Currently, if I wanted to transfer or sell my business there could be significant challenges.

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