THE CONVERSATION

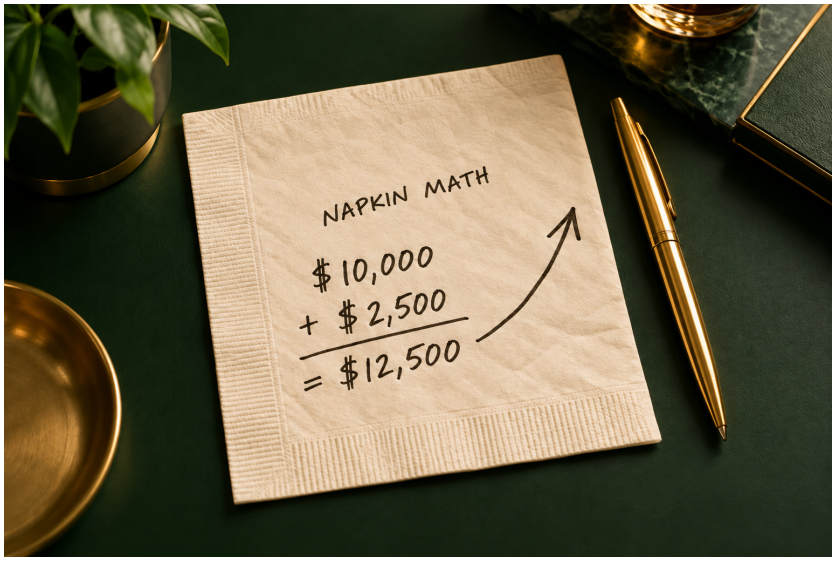
The Pac-Man Problem

An oil change can turn into a much bigger conversation. In this fictional story, a financial advisor with the Certified Exit Planning Advisor (CEPA) designation asks the shop owner whether he works with an advisor.

“Yes. A friend has been helping me with my IRA for years.”

“Good,” the advisor replies. “Who is helping you manage the business itself as a financial asset? Who is helping you understand what a buyer could pay for it without you?”

The owner pauses. “What do you mean?”



Imagine your financial life as a Pac-Man-shaped circle. The small wedge represents the investment accounts that receive regular attention. The larger body may be the business: your income engine, a potential retirement asset and part of your legacy. Actual wealth proportions differ.

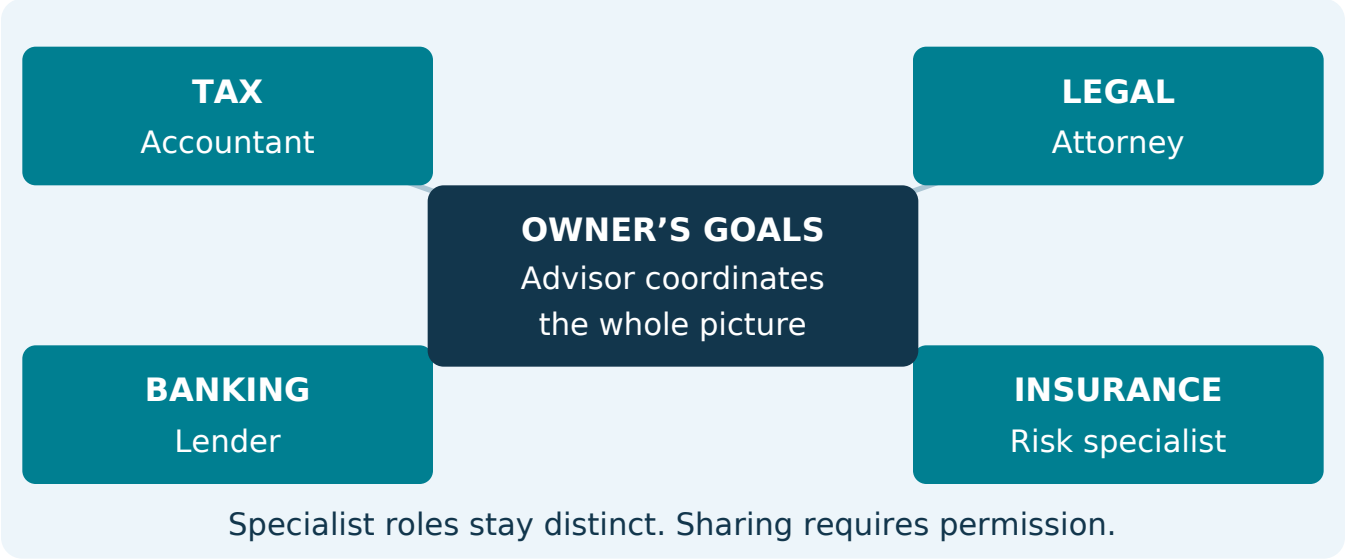
A good IRA relationship is valuable. The opportunity is to see **the whole circle**. The business-owner survey at the end helps you identify what you know, what is uncertain and where a coordinated conversation could begin.

THE COORDINATION GAP

Good specialists. One coordinated plan.

Close the gaps between good advice

You may have excellent professionals and still have gaps between them. A tax decision can affect cash flow. A loan can constrain an ownership transfer. An insurance contract may not match the buy-sell agreement. A retirement plan can quietly depend on sale proceeds nobody has assessed.



Specialist roles stay distinct. Sharing requires permission.

Give someone responsibility for coordination

A financial advisor who understands business owners can serve as a quarterback: clarify goals, invite the right specialists with your permission, align assumptions and keep next steps visible. The quarterback does not replace the accountant, attorney, banker or insurance professional, or provide services beyond their qualifications.

Make each specialist's job clear

Before a potential sale, the valuation specialist examines the business; the accountant models taxes; the attorney reviews ownership and deal terms; the banker reviews debt and financing; insurance specialists assess risks; the financial advisor tests how possible net proceeds fit your spending and family goals.

The owner should know **what needs attention, who owns the next step and why it matters**. That is more useful than five separate reports built on different assumptions.

THE NAPKIN MATH

Value is more than this year's sales.

For illustration, hold annual revenue at **$1 million**. At an assumed **1.5× revenue multiple**, enterprise value is **$1.5 million**. At assumed **2.5×–3.5×** multiples, it is **$2.5 million–$3.5 million**: a hypothetical **$1 million–$2 million** difference before adjustments.

Selected revenue-multiple scenarios: $1m annual revenue



Hypothetical assumptions. Not market norms or forecasts.

A calculation, not a valuation

These selected multiples are hypothetical, not industry benchmarks or expected outcomes. They show the arithmetic of a possible improvement from 1.5× to 2.5×–3.5×. Multiples can fall as well as rise.

Use the right measure

Revenue is not profit. Many businesses are valued on normalized earnings, EBITDA or seller's discretionary earnings, not revenue. Never substitute one denominator for another. Industry, margins, size, risk, buyer demand and deal structure matter; a qualified valuation is needed.

Separate the headline from your proceeds

Enterprise value is not your retirement deposit. Debt, cash adjustments, taxes, transaction costs and contingent or deferred payments affect what you actually receive. Improvement costs money and takes time. A higher valuation or completed sale is never assured.

A SUCCESSFUL OWNER

Profit is not the same as freedom.

Imagine a hypothetical owner with $1 million in annual revenue and $200,000 of operating profit before a replacement manager. The firm pays well, but the owner approves every quote and its largest customer generates 40% of revenue. This is a fictional example, not a client result.

First-year profit	Owner's weekly time
$200,000 > $90,000	55 hours > 35 hours

Illustrative trade-off: lower profit, more time. Results vary.

Buy back time before assuming a bigger sale

She invests $30,000 in process documentation and training and hires a manager for $80,000 a year, including benefits. With revenue and all other costs unchanged, first-year operating profit falls to $90,000; after the one-time project, it is $120,000 a year. Transition costs and execution risks may be greater.

Define success in observable terms

For this idealized example, she moves from 55 to 35 working hours a week and the team successfully handles a two-week absence. That is 20 hours regained per week, not proof of a higher valuation. She tests service quality, cash flow and retention before stepping back further.

Then test transferable value

Cleaner records, broader customer relationships and reliable management may make the company easier to operate and evaluate. A valuation professional must assess whether those benefits outweigh the lower earnings. The 2.5×–3.5× scenarios are not outcomes promised by this example.

Benefits worth pursuing even if you never sell

Less dependence on your daily decisions. Clearer financial information. More time and a wider choice of when, how or whether to transition. Improvements must still earn their cost.

VALUE ACCELERATION

Build an asset that can work without you.

A fresh coat of paint improves presentation. A real renovation strengthens what lies underneath. For your business, that means repeatable results, visible risks and success that does not depend on one person.

DISCOVER	PREPARE	DECIDE
Assess & prioritize	Improve & test	Build or transition

Discover: agree on the starting point

EPI's Value Acceleration Methodology connects business, personal and financial goals. Ask what the business could transfer today, what you need from it and where the gap lies.

Prepare: improve and test

Review its four intangible capitals: human (people), social (culture and relationships), structural (systems) and customer. Develop managers, document processes, clean up records and reduce concentration. Test a handover rather than assuming it will work.

Decide: keep building or pursue a transition

Revisit readiness and costs with your team. A stronger business can offer better control, fewer surprises and more options, but neither a higher multiple nor a completed sale is assured.

Ask for one concrete next step

"How are we managing my business as an asset, who is measuring its transferable value, and what should we work on next?" Assign an owner and a review date to the answer.

YOUR NEXT CONVERSATION

Put your own business in the picture.

Start with the survey on the next page

The shop owner began with an IRA. He ended with a larger question: who is helping him prepare the business that may fund his future? Before anyone proposes an answer for you, the attached **Local Business Ownership and Transition Survey** gives you a place to start.

Connect the story to your situation

The ten questions ask about your business value, confidence in finding help, identity as an owner, reliance on sale proceeds and experience with a sale. They also explore employee concerns, valuation work, transition options and the planning you have already done.

A “not sure” can be your most useful answer

Complete the survey honestly, whether a transition is near or years away. Follow its answer instructions. There is no score, diagnosis or implied recommendation. The purpose is to make uncertainty visible before it becomes a decision made under pressure.

Turn answers into a coordinated conversation

Review your answers with your chosen financial, tax, legal or business-valuation professionals. Ask: **What needs evidence? Which professional should help? What is the next step?** Your answers can guide that conversation; they do not establish the value of your business or determine a strategy.

Print the next page or save the PDF and use its existing checkboxes in a compatible PDF reader. Keep your completed copy for your own review. This article does not submit or collect survey answers.

Framework source: Exit Planning Institute, Value Acceleration Methodology. The story, napkin photograph and numerical scenarios are illustrations, not client results. The following survey is reproduced from the supplied document.

Educational and illustrative purposes only. This article and accompanying survey are not tax, legal or investment advice. Examples do not guarantee future results. Speak with your qualified financial advisor, tax professional, attorney and business-valuation professional, as appropriate, about your circumstances.

Local Business Ownership and Transition Survey

Check one answer per question unless instructed otherwise. For rating tables, check one box per row.

1. If you sold your ownership stake, how would its expected value compare with the largest financial transaction you've made before?

☐ Larger ☐ About the same ☐ Smaller ☐ I don't know its value ☐ Not sure

2. If you decided to explore selling, how confident would you be about where to start and which professional to trust?

	Not at all	Slightly	Moderately	Very	Extremely confident	Not sure
Where to start	☐	☐	☐	☐	☐	☐
Which professional to trust	☐	☐	☐	☐	☐	☐

3. How closely is your personal identity tied to being an owner of this business?

☐ Not at all ☐ Slightly ☐ Moderately ☐ Very ☐ Extremely closely

4. How much do your retirement plans depend on money from selling your ownership stake?

☐ Not at all ☐ Slightly ☐ Moderately ☐ Heavily ☐ Entirely ☐ I haven't made retirement plans ☐ Not sure

5. How many times have you personally sold a privately held business or an ownership stake?

☐ Never ☐ Once ☐ Twice ☐ Three or more times

6. If employees learned you were considering a sale, how likely do you think it is that at least one would leave because of that information?

☐ Very unlikely ☐ Somewhat unlikely ☐ Neither ☐ Somewhat likely ☐ Very likely ☐ Not sure ☐ No employees other than owners

7. In the past three years, how have you estimated what your business could sell for? Select all that apply:

☐ Professional valuation ☐ Broker or M&A adviser's estimate ☐ Discussion with an accountant or financial adviser ☐ My own calculations or online calculator ☐ Comparable-sale research ☐ Other ☐ None ☐ Not sure

8. How familiar are you with each of these exit options: sale to an outside buyer, transfer to family, sale to managers, transfer to employees, and closing and selling assets?

	Not familiar	Heard of it but know little	Understand the basics	Understand the main pros and cons	Not sure
Sale to an outside buyer	☐	☐	☐	☐	☐
Transfer to family	☐	☐	☐	☐	☐
Sale to managers	☐	☐	☐	☐	☐
Transfer to employees	☐	☐	☐	☐	☐
Closing and selling assets	☐	☐	☐	☐	☐

9. Where are you in planning for an eventual sale or transfer?

☐ Haven't thought about it ☐ Thought about it but no plan ☐ Informal plan ☐ Written plan not yet underway ☐ Written plan underway ☐ Don't intend to sell or transfer ☐ Not sure

10. If you could spend less than an hour identifying financial opportunities you may be missing as a small-business owner, would you want to learn more?

☐ Yes ☐ Maybe, I'd like more information ☐ No ☐ Not sure