

Can One Exit Plan Save a Million Dollars, Twice?



The following case study is based on a true story. For owners of closely held businesses, this case study highlights the importance of engaging an experienced and professional exit planning team. Even when an exit plan looks like it will work at a high level for all parties involved, there are often hidden problems and issues that can cost the exiting owner millions of dollars. Therefore, we recommend that all business owners seek help from professional exit planners, like our NAVIX Consultants.

Key Lessons:

One of the four possible exit strategies is to sell the company to an inside buyer, such as a business partner or a key employee. At NAVIX, we call this an "Innie" Exit Strategy. A key risk for this type of transaction is excess taxation.

- **Transaction Taxes** - Funds bonused to the employees for the buyout will be taxed as ordinary income, and then taxed again at capital gains rates when they are paid to the outgoing owner.
- **Estate Taxes** - If the owner has significant other assets, the transaction proceeds may get taxed again at the estate tax rate, which is currently set at 40% for most taxpayers.
- **Control** - If payments are going to be made over time, the exiting owner will need to retain some form of control over the company.
- **Professional Help** - Most business owners do not have the expertise and experience to know all the potential risks and opportunities associated with exiting their business. They should seek help from a professional exit planning team.

Download the Case Study



To find out more about this process and exit planning solutions contact us and ask about our complimentary proprietary tools and checklists. All inquiries are confidential.

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PLANNING TODAY FOR TOMORROW'S EXIT

NAVIX is a process to help owners of closely held businesses plan for and execute successful exits: achieving financial freedom, creating a sustainable legacy, and exiting on their own terms.

Timothy J. Kinane

is an independent Consultant with NAVIX exit planning network

Tim Kinane is an Executive Coach and CEO Peer-Group Chairman.

Tim believes that everyone can do better. Through his broad experience and unique perspective he coaches clients to greater success.

Tim's coaching clients include a broad variety of professionals, businesses, governments and not-for-profit organizations. Working with CEOs, executives and business owners, he helps build and develop their work teams.

With more than 35 years of business experience ranging from start-ups to small and large cap businesses, Tim uses his experience in operations, strategic planning and marketing to coach clients to explore and reach their goals. As a Vistage Chairman, Tim facilitates a private advisory board of business owners.

Tim is a knowledgeable guide through often unfamiliar territory:

- The Why- helping you laser focus your vision
- Strategy- keeping you focused down the road and not in the weeds
- Operations - building the team and systems to set and accomplish your goals
- Succession planning - growing the depth essential to building value in your company
- Exit planning - consciously working toward a successful happy exit.

Tim offers customized workshops, private coaching, peer groups, staff and board retreats, and a toolbox of unique employee motivation and business tools.



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