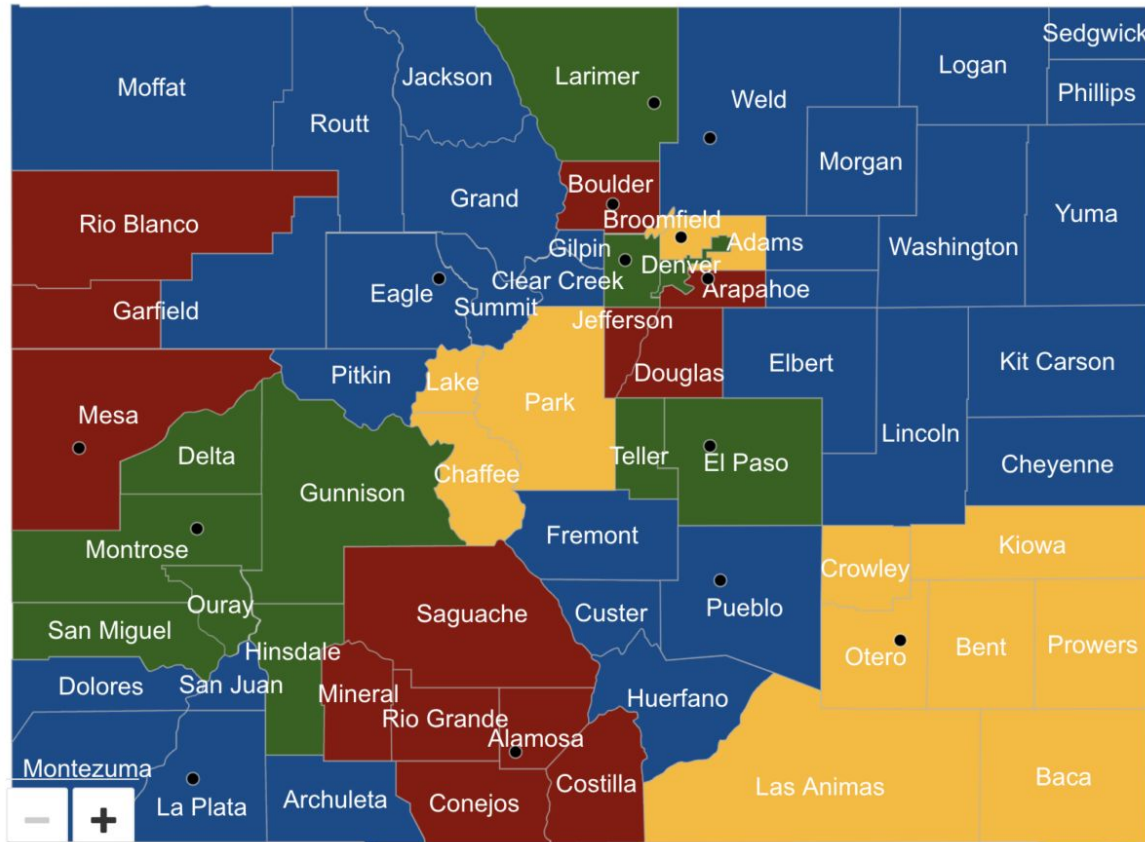


# ***Our Transitioning Economy:*** **Business Exit Planning & Support**



# SBDC Program & Services

The Colorado Small Business Development Center (SBDC) is a statewide network of 14 centers that provide business resources to their local communities through:



**No cost, one-on-one, confidential consulting.** Over 300 consultants with expertise in all areas of the business life cycle, from startup to exit.

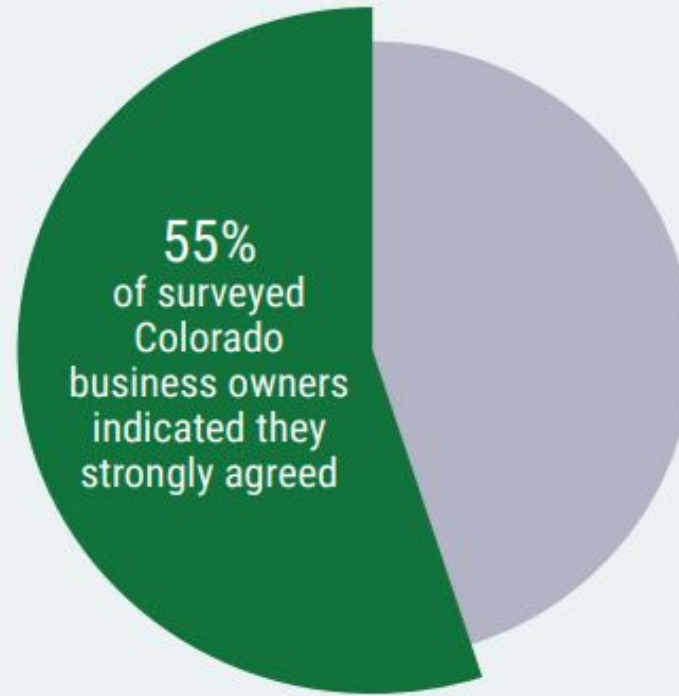
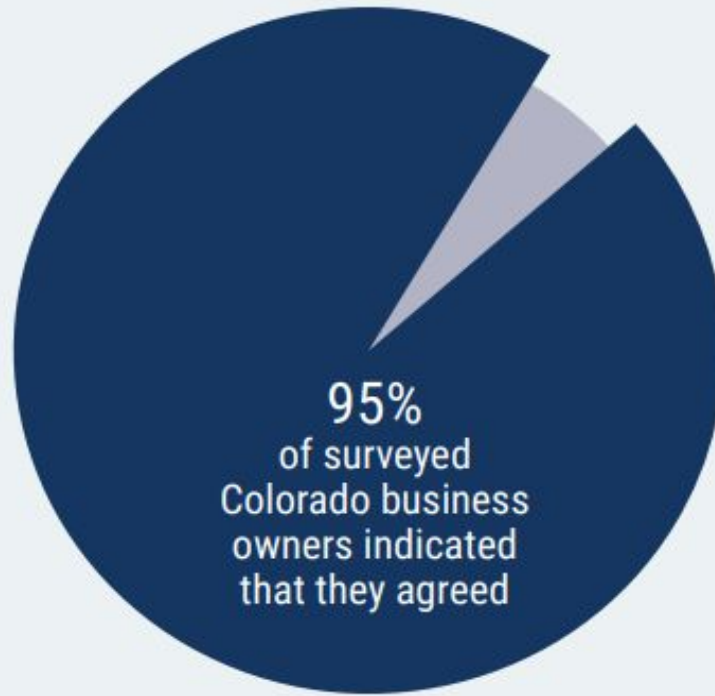
**No cost to low cost training.** 3-5 trainings each week across the state, most offered virtually or On Demand, covering a variety of business topics.

# STATISTICS

*\*Statistics below were gathered and reported by the Exit Planning Institute for the Colorado State of Owner Readiness Report published in September 2022\**

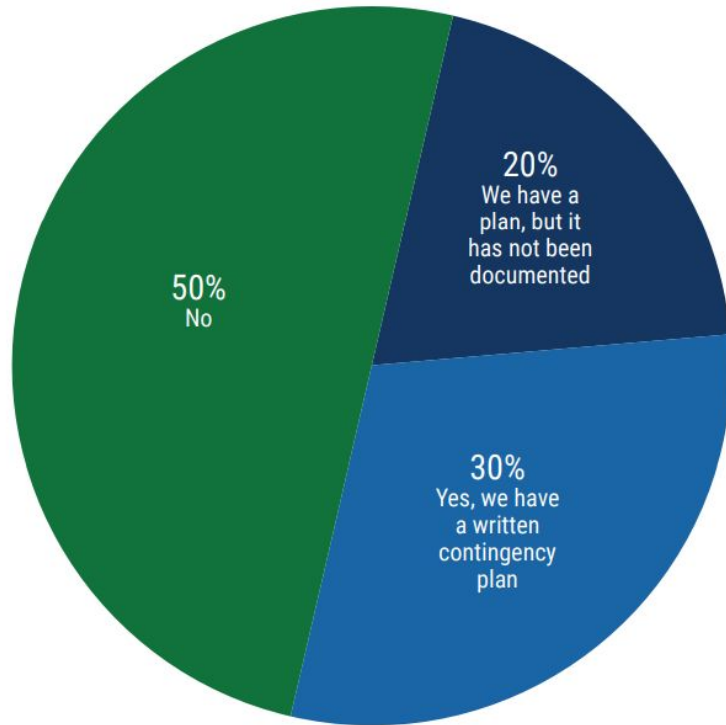
- 52% of respondents indicated they want to transition their current company in 5 years, but almost **70% indicated they have no written transition plan.**
- 70% of owners in Colorado have no plans for unpredictable and unforeseen risks that could damage or kill their company.
- Historical transition success rates are in the range of only 20–30% nationally.
- 98% of small businesses polled by M&T Bank over the past two years didn't know the value of their companies.
- *Closing* the sale of a business can take 6-12 months, *preparing* a business for a successful and valuable transition takes much longer.
- Entrepreneurs that buy an existing business have a 90% to 95% chance of still being in business after 5 years.

*“Having a transition strategy is important both for my future and the future of the business”.*



# Businesses Are Unprepared

DO YOU HAVE A DOCUMENTED CONTINGENCY PLAN IN PLACE FOR THE BUSINESS WHICH ADDRESSES THE POSSIBILITY OF A FORCED TRANSITION CAUSED BY DEATH, DIVORCE, OR DISABILITY?



OF THE OVER 400 BUSINESS OWNERS WHO RESPONDED TO OUR COLORADO STATE OF OWNER READINESS SURVEY:

68% indicated they have spent minimal time and attention on their exit

48% indicated they have no written personal financial plan

65% indicated they have no formal or written transition plans

23% indicated they have not even considered a plan

78% indicated they do not have an exit focused team of advisors



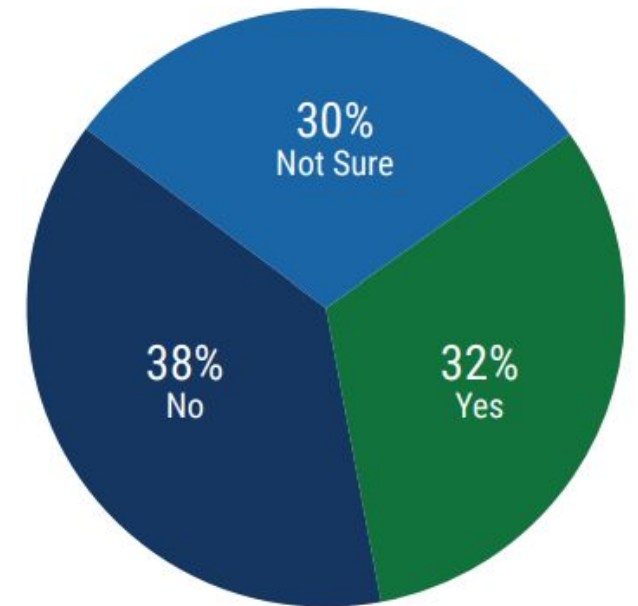
# ACTION ITEMS

*There is a significant disconnect between owners who plan to transition, but are not prepared.*

**Create Market Awareness.** Empower business owners to bring exit planning into the present.

**Education.** 71% of owners indicated they had no formal education around exit strategy while 63% have sought no outside advice.

ARE YOU FAMILIAR WITH ALL OF YOUR TRANSITION OPTIONS?



# EDUCATION

**Identify and Understand the Value of the Company.** The path to a higher valuation starts with knowing where they are valued today.

**Concentrate on Value and Income Generation.** Integrating exit strategy and value enhancement into daily business operations will drive both value and income.

**TRANSITION-READY!** Exit planning increases company worth, making them more valuable, transferrable, ready, and attractive.

# SBDC Business Transition Learning Path

**1** What is the Value of Your Business Now? **PRESENT VALUE**

- What is Business Readiness?
- Is My Business Ready?
- Your Present Business Value

**2** What Can the Value of Your Business Be? **POTENTIAL VALUE**

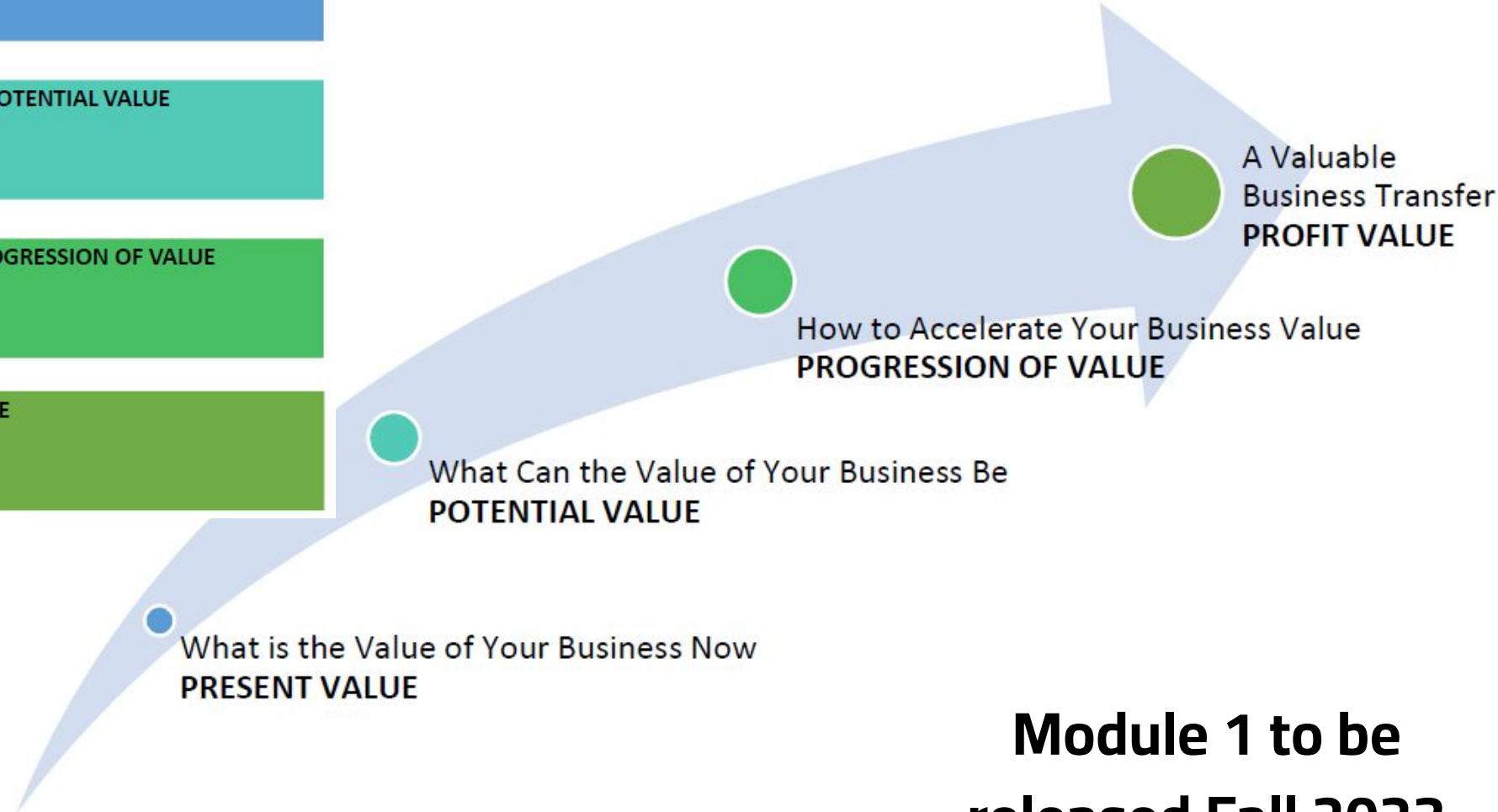
- Common Readiness & Attractiveness Issues
- 3 Gaps: Wealth, Profit, Value
- Your Potential Business Value

**3** How to Accelerate Your Business Value **PROGRESSION OF VALUE**

- 5 Stages of Value Maturity
- Sort, Categorize, Prioritize
- Value Acceleration Process

**4** A Valuable Business Transfer: **PROFIT VALUE**

- Keep or Exit
- Exit Options
- Team of Advisors



**Module 1 to be  
released Fall 2023**

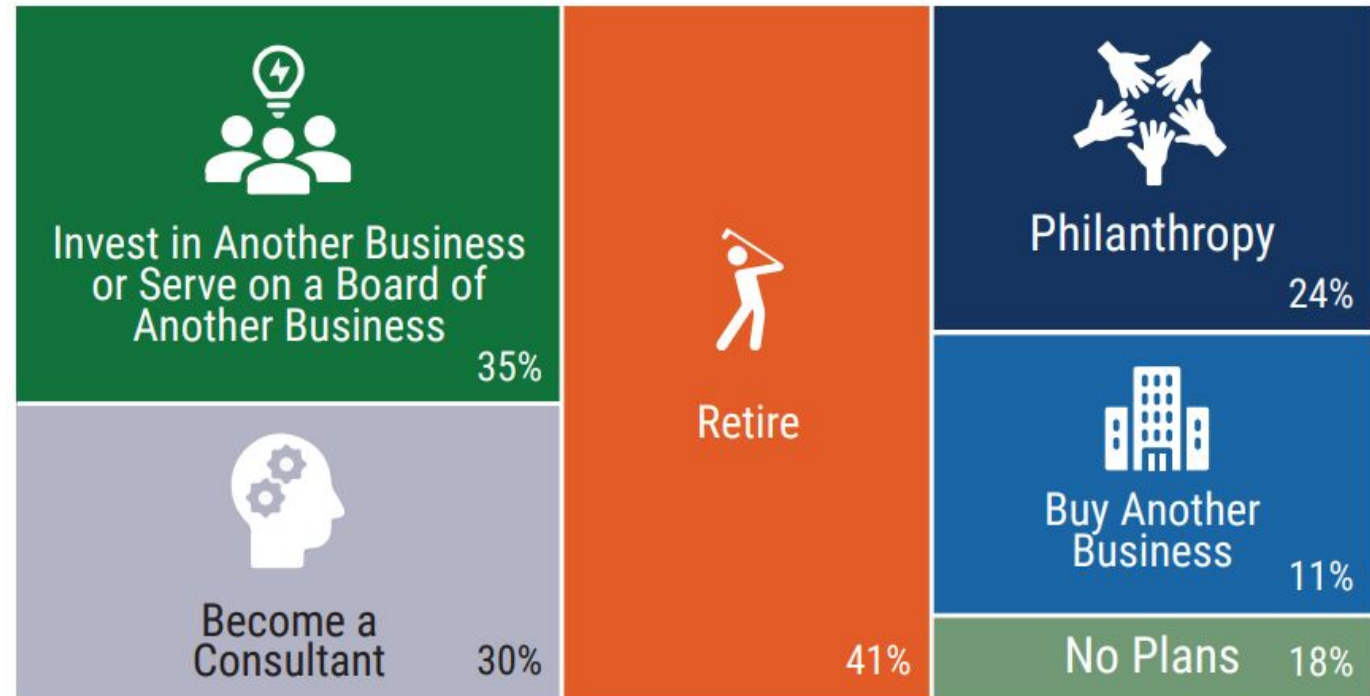


# IMPACT

**Turnover of Small Businesses vs Business Closures.** Increase the success rate of business transfers (currently 20-30%).

**Preservation of Talent and Wealth.** Reinvestment in other small businesses and local communities.

What are they planning to do once they exit their businesses?



See our website to learn more about the services we provide:

[www.northwestsbdc.org](http://www.northwestsbdc.org)

[www.coloradosbdc.org](http://www.coloradosbdc.org)

No-Cost Consulting | No-cost to Low-cost Training

