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**This Exit Strategies Newsletter**  
**Brought to you by:**  
**Riverbend Capital Group & iNBEE Financial**  
**A Time To Reap, A Time to Sow**

Dear Client,

Life and businesses both run in seasons. There is a time to sew and there is also a time to reap. Harvests are the most successful when the seeds and growth have occurred at the right time. The seasons of nature bring changes of weather, while the seasons of business bring changes in economic climate.

Today's market and economic environment can best be equated to a frosty, winter season, a time when there are not optimal conditions for growth. Some owners go so far as to state that "'flat' is the new 'up'" Accordingly, most owners of privately-held businesses are torn between exercising patience versus their natural inclination to advance their small businesses forward. The natural tendency of business owners is towards growth. When growth is stunted, a different mindset – one suited to the season – is required.

What can you do in this season of 'sowing' so that you may reap the benefit – i.e. a successful exit – during a season of full harvest?

Well, the focus of your business today should be on maintaining profit margins

and the bottom line, not [necessarily] on top-line growth. Many owners today have reduced expenses as revenues have fallen. Across the United States, one result is that 5.1 million jobs have been lost since December, 2007. Companies have also eliminated lines of business that were underperforming. Many outside services have been cut, including marketing expenses, research and development, and consulting. "Cash" is truly king in this current season.

All this being said, the business decisions that you make today will set the stage for your exit in a few years. An exit plan from your business combines the needs of your business with your personal needs. A balance must be struck today in order to reap the benefits tomorrow.

You will one day [soon] look to reap the benefits of your hard work. This may come in any one – or a combination of – the 5 primary exit options available for private business owners. It is therefore beholden upon all owners of a business to give some thought away from the day-to-day management of the business and focus on the eventual exit, answering the important question, "Who will run/buy my business in three years [when the markets recover]?" And, the logical follow up question will be "What amount

of capital will be required for my future owner / successor?" These two questions should get you thinking beyond today's struggles and focusing on tomorrow's exit.

For example, do you want to cede control? If yes, then a sale/merger or leveraged recap with a private equity group may be the right exit option. If no, then an Employee Stock Ownership Plan (ESOP) or a management buyout may be the way to go to take some chips off the table and prepare the way for a sale of the remaining interest down the road. Or, you may want to gift the business to family members. A High Financial Readiness is required to be able to do so. Accordingly, how you make your business decisions today depends not only on your current goals and financial status, but also upon the future cash flow of the business.

The message is clear - while you are making plans for the survival of your business, do not neglect your personal needs. Remember that your Financial Readiness for an exit is a critical part of any exit. Far too many business owners – particularly during tight times such as these – overcommit their resources to the business and neglect to think through the long-term consequences of doing so.

Think down the road a few years and ask yourself whether or not you have enough savings outside or your business to survive without the business. If the answer is a clear 'no', then you need to allocate at least a small amount of your time to the realization that you will need to begin to sow the seeds of your personal financial readiness while you are rebuilding your business enterprise.

Again, a properly designed exit plan is the integration and balancing of your personal needs along with the needs of the business. In this winter season of business you can save for your future season while still tending to your business.

Although sustainability of your business and improvements to the operation to maintain margins are a priority today, you also need to look ahead to a future date when your exit will be upon you. The decisions that you make today to sow the seeds for your readiness for an exit will reap a benefit to you when the season of warmth and exit arrives. Do not lose sight of your personal needs in this cold business season. Your exit depends upon this forward-thinking approach.

**Hope you found this article enlightening. If you have any follow-up questions or wish to provide feedback, please contact me.**

**Also, feel free to share this newsletter.**



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