

**Three (3) Advisor Attributes to Consider When
 Building Your Exit Planning Advisory Team**

For business owners who are thinking about exiting their business in the future, there are many things to consider to assure the business transition happens in a smooth manner and accomplishes your personal and company goals. Owners are wise to seek the counsel of advisors in this complex and delicate area. Your choice of experienced advice in this area can mean the difference between success and failure to reach your goals. Not only do you need to know which types of advisors to choose but also when to bring them onto your team. This newsletter provides the top three things to consider when building your exit planning advisory team.

1. Process-Oriented / Relationship-based Advisors

Exiting a business is a process, not simply a transaction or an event. The process includes an owner thinking through all of your personal and company goals as well as the implications of the business running without their individual efforts, and how the owner will afford their lifestyle without access to the company's cash flow. Owners who go through this process ask a range of questions including 'who can run the business, other than me?' and 'what would fill my life in the absence of working in the business?'

Unlike a solution-oriented approach, where issues are identified, and your advisor brings you solutions to the problem, the exit planning process requires time and self-reflection to decide what is best for you, both from a business and a personal perspective.

The advisor leading this initial phase of the process should have a practice that is designed to support this type of ongoing engagement with you, the owner. This is, generally speaking, an advisor who has incorporated the concepts and disciplines of planning into their advisory practice.

The world of professional advisors can be generally divided into two types; relationship-based advisors and transaction-based advisors with relationship-based advisors working with owners over a period of time. These advisors take the approach that a relationship with a business owner exists over a long period of time and they remain available to these owners as needs arise. By contrast, transaction-based advisors are those who approach the relationship with the owner with an eye towards addressing a specific, non-recurring issue for that owner. These advisors typically enter the lives of owners to execute a certain transaction. For the most part, these advisors also plan to leave the owner's life shortly after the transaction / project ends.

Owners are advised to initially seek out relationship-based / process-oriented advisors to lead them through the initial stages of the exit planning.

2. Planning Team Members vs. Execution Team Members

Planning team members – those described above - are critical to taking the owner through the initial stages of the exit planning process. However, when your exit planning brings you to the point that you are ready to transact, you will need to employ the services of transactional advisors. These include:

- M&A advisors to help find buyers and explain the business to the future owner, as well as to assist in the actual transition of the business to the next owner.
- Legal advisors who focus on transactions – these are ‘transactional attorneys’ who have experience negotiating and structuring deals for owners.
- Accountants and tax advisors who understand and have experience in the world of transactions and can help assess the tax implications of a transaction for the owner.

There are a number of other transactional advisors that need to be identified for the transaction team. These will vary depending upon the details of your transaction.

The Vital Role of the Quarterback

No matter where you are in your planning or transacting, it is helpful to seek out an advisor who can and will serve as the quarterback to your exit planning as well as your exit transaction. These multi-skilled advisors are some of your best allies in drafting a plan for your exit while also helping you to recruit all of the necessary

‘soft’ and ‘hard’ skilled advisors who will be needed for this multi-year engagement. The quarterback holds a special place with the owner through all stages. Owners are well advised to seek out exit planning quarterbacks who have made a commitment to being trained, supported and have the tools and the right network to recruit the people needed for the planning and transaction.

3. Collaborative Mindset

While you are establishing your team members – whether they are on the planning team or the execution team – it is critically important that you assess whether the advisor possesses the attribute of being collaborative.

Now, most professional advisors will claim that they work in a collaborative manner with other professionals. However, as the business owner who is going through a complex process, you’ll want to know how open that advisors are to:

- Freely sharing their ideas with others
- Being challenged in their thinking and actions on your behalf
- Acting in the overall interest of your goals, not in their own
- Being held accountable for tasks to which they are assigned
- Truly listening to other advisors thoughts that are intended to benefit you
- Acting as a part of a team
- Self-reflection of how their idea fit within the larger construct of your planning and exit needs

Business owners who demand these attributes in their advisors will find that working as a part of a well-functioning team is as important to your personal planning as it is to the successful running of your business. Technical knowledge and experience alone is largely insufficient when it comes to solid execution of a comprehensive plan –

collaboration is needed and will get you a better result.

Concluding Thoughts

This newsletter makes the argument that owners need to consider different types of advisors during different stages of the exit planning process and should be discerning in how those advisors are chosen, focusing on a collaborative mindset. Generally speaking, owners should seek out the counsel of 'relationship-based' advisors in favor of 'transaction-based' early in the process to create and begin implementing a multi-year exit plan but know that an execution team is needed to get you to your goals. We hope that you find this helpful in advancing your exit planning forward.

Private Wealth Advisor

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