



What to Ask Your Business Owner Clients

Many business owners have a majority of their net worth tied up in their companies. After witnessing or experiencing the devastation that the COVID-19 pandemic has wreaked on tens of thousands of businesses across the U.S., business owners are now thinking about the future more than ever. Here are some questions and talking points to help you prepare for a conversation with your business owner clients.

Questions	Talking Points & Other Considerations
Do you have a succession plan for your business?	Ownership in a business often represents the owner's largest asset and contributor to their net worth, so having these conversations can help you provide more effective long-term financial planning advice. Even if your client hasn't started succession planning, they aren't alone—a recent study found that only about half of business owners have a written succession plan in place. ¹
How do you plan to exit your business when you retire?	<p>Your client may have a general idea of how they'd like to exit their business, but haven't thought through the specifics of preparation or execution, or even considered whether their desired exit method aligns with their personal goals or overall wealth strategy. Business owners have multiple exit options, including:</p> <ul style="list-style-type: none">• Selling the business to a third party• Transitioning ownership to an employee• Selling or gifting the business to a family member• Exiting via a charitable donation
When do you plan to retire?	If you plan to sell your business and rely on the proceeds to fund your retirement, it's important to be flexible with timing. It's always best to sell when the business is performing well and waiting to exit until you are forced to can limit your options. If you plan to transition ownership to a family member or employee, it's important to start that process early with an exit date in mind. That may allow you more time to explore strategies with your wealth advisors that can help reduce the taxes associated with an exit.

Questions	Talking Points & Other Considerations
Have you ever considered selling a part of your business to diversify your net worth?	If your client wants to keep working, but is worried about having so much of their net worth tied up in their company, one solution may be to bring in a strategic or financial partner to do a majority or minority recapitalization. A recapitalization allows the owner to take some “chips off the table” while retaining some equity. Finding a partner that can help accelerate the growth of the business can sometimes allow the owner to sell their remaining equity at an even higher valuation when they’re ready to retire.
Have you have obtained a formal business appraisal/valuation?	A business valuation is sometimes required for tax and financial reporting and legal purposes, among others; they can also serve as a valuable planning tool by helping you understand the value of your business and help you identify factors that detract from your business’ value that you can work on improving; knowing the value of what may be your single largest asset is also helpful in developing a holistic financial plan.
Have you started preparing your business for sale?	Preparing in advance of a sale can help your client drive a higher sale price; preparation may include organizing financial statements, shifting the owner’s daily responsibilities to others within the business, building out infrastructure and reducing the number of personal expenses being run through the business.
Have you ever been approached by another company that was interested in acquiring your business?	Unsolicited offers from large companies and private equity firms are increasingly common; if your client has been approached unexpectedly by an interested prospective buyer, they should consult their attorney and an M&A advisor before engaging in serious discussions.

Mariner Capital Advisors professionals can assist you with specialized business services for your clients including business valuation, buy-side and sell-side advice, forensic accounting, investment banking, and more. We recommend you engage Mariner Capital Advisors early in your discussions to set the groundwork for strategic succession planning.

For more information visit: marinerwealthadvisors.com

¹ [2018 Business Owner Perspective Study](#)

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