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## **Plan for Decisions...Don't Just Decide to Plan**

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What is succession and exit planning? It's a process that helps to facilitate one of two events and sometimes both. First, it plans for the entrepreneur to eventually become financially independent of the operating asset as their primary source of cash flow. Second, it could help the operating asset become independent of the entrepreneur as its primary driving force. How can I walk away with enough cash or how can I get a competitive rate of return on my business asset?

You will exit your business somehow, someday. It can only happen in one of five ways: Death, Disability, Voluntary Sale, Retirement or Bankruptcy/Orderly Liquidation. Regardless of your method of exit, in order to maximize your value and/or the likelihood the business will succeed you; the business must be managed as if it were for sale on any given day. The same things that are common discounts at the time of transfer in a third party sale can sabotage an intra-family succession plan or sale to key employees.

As an entrepreneur, your big decisions are inseparable from who you are as a person. So your decision making is defined by your ability to arrive at unshakable gut instincts. You need a process that allows the subconscious layers of bias peel away and give rise to pinpoint wisdom about desired outcomes. You need to get to that place of instinctual decision-making you know and trust.

Without this level of clarity, you might move forward with planning for a little while, but when it comes time to execute, you'll back away from the table. There's simply too much at stake with your wealth, your business and your relationships to risk faltering. This is why planning and decision making must bump up against objectives in all three realms: relational, operational and numerical.

In order to do this, it must transform from the traditional planning process to a decision making process. For advisors, we all love great planning processes. But for you the entrepreneur, the planning really happens in the background. What you need is a process that allows you to make pinpoint decisions about desired outcomes. Where am I today? Where do I need to go? Who do I feel responsible for? Whose feelings do I need to be mindful of? What are the business and personal risks I want to mitigate? What's my time frame? Once you create well-defined macro goals, decision making becomes infinitely easier. The latest "flavor of the month" or other crazy business idea no

longer details or distracts you from your long-term objectives if they don't pass the test: Do they help me accomplish all or a majority of my macro goals? If not, move on.

In the remaining three parts of this four part series we will help you to understand how to create a culture of succession and address it on five levels (ownership, management, leadership, relationship, and cultural), address why most plans fail, and finally how to get a successful succession and exit planning process off the ground.

### **About WealthPoint**

WealthPoint is headquartered in Phoenix, Arizona with offices in Denver, San Diego, and Los Angeles. They specialize in providing a holistic approach to business and life insurance advisory services with a focus on succession, exit and wealth transfer planning. WealthPoint serves affluent family groups and entrepreneurs from closely held companies throughout the U.S. The company's *Know your story*® Unique Process helps their clients to achieve better business and navigates the issues client's face surrounding complexity, uncertainty and collaboration. Additional information can be found at [www.wealthpoint.net](http://www.wealthpoint.net).

*Please note certain tax provisions/ strategies, planning concepts and/ or financial strategies may be referenced within this document. The Internal Revenue Code is constantly changing and certain provisions may become outdated or no longer be valid in the future. Each client situation is unique and not all strategies will be applicable for each situation. Please consult your tax and legal advisors before implementing on any strategies referenced here.*