

How Much Is Success Worth to You?

Running a successful business requires incredible amounts of effort, ingenuity, and capital. And when it comes to planning for the business' future—both with and without the owner—many business owners ask, “What will this cost me?” Let's look at the difference between the price of planning, and the costs of shooting from the hip.

Understanding the price of planning

It's impossible to give a hard price for planning without knowing the nuances of your personal and professional situation. So, let's recall the three most important goals that planning for a successful future pursues:

1. Financial independence
2. Leaving the business on your terms (even if those terms include “dying at your desk”)
3. Aspirational goals (e.g., creating generational wealth, donating to charity, etc.)

Achieving these goals isn't something that “just happens.” It requires discipline, candidness, and a team of experts who can create strategies that best pursue those goals within the context of your wants and needs, both personally and professionally.

However, we can say with confidence that the upfront price of planning is often vastly lower than the price of not planning, for one huge reason.

You know what they say about assumptions . . .

One of the hardest hurdles for business owners to overcome is accurately determining how much money they'll need to achieve these goals. In fact, many owners are shocked to realize that they have an Asset Gap.

An Asset Gap is the difference between what you currently have and what you will eventually need to



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achieve each of your goals. Many, many business owners assume they have more than they really do, that their businesses are worth more than they really are, and that they'll need less than they really will once they inevitably leave their business.

The price of not having enough money for financial independence once you inevitably leave your business can be devastating. For instance, you may not have enough to live the life you want, or you may be forced to go back to work.

Fortunately, the Asset Gap is one of the first things that planning for a successful future reveals and addresses. Your Advisor Team will ask you candid questions about your goals, then commit to researching what it takes to achieve them.

Then, they compare what you need and want against what you have, using objective measurements from appropriate experts (e.g., tax professionals, business valuers).

Finally, they create plans based on facts, rather than assumptions, to help you close any Asset Gaps you have in pursuit of your three overarching goals.

How can I know planning is worth the price?

Planning does indeed cost time and money. However, you should consider a few questions about the alternative of not planning:

- How much would it cost you to base your business' future on assumptions over facts?
- What would it feel like to have to sell your business for less than maximum value or to someone you'd rather not sell to, just to stay financially solvent?
- Would you rather have more control over your future or hand the reins to fate?

It's tragically common for business owners to underestimate how challenging planning for a successful future can be. Fortunately, a strong Advisor Team can take the glut of planning off your plate, which can save you time. A strong Advisor Team also looks for ways to create plans that are effective and cost-efficient.

How much is success worth?

Consider one final example when asking yourself, "Is this worth it?"

Say that to achieve financial independence, you plan to one day sell your business to a third-party buyer. Successful third-party sales require accurate business valuations.

Hiring a business valuator may cost \$5,000 upfront, but it will give you an accurate valuation. Not hiring a valuator means you enter negotiations with little more than a guess about how much your company is worth.

If you think the company is worth \$5 million (because that's what you think you need to retire comfortably),

but the most generous buyer's valuation puts the value at \$3 million, you have three options:

1. Sell for less than you need for a comfortable retirement
2. Pull the company out of the market, which can perpetually devalue your business
3. Work for longer than you wanted to, to try to build that value

In any case, the cost to you could be much more than \$5,000.

We strive to help business owners identify and prioritize their objectives with respect to their businesses, their employees, and their families. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

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