



MAXIMIZE BUSINESS VALUE PODCAST - EPISODE 62 Transcript

Announcer (5s):

Welcome to the maximize the business value podcast. This podcast is brought to you by mastery partners, where our mission is to equip business owners to maximize business value so they can transition their business on their terms. Our mission was born from the lessons we've learned from over 100 business transactions, which fuels our desire to share our experiences and wisdom. So you can succeed. Now, here's your host CEO mastery partners, Tom Bronson.

Tom Bronson (35s):

Hi, this Tom Bronson and welcome to maximize business value. A podcast for business owners who are passionate about building long-term sustainable value in your business. I have no guest again today because I wanted to talk about something that I've been hearing more and more frequently, almost on a daily basis. I'm hearing that business owners are hoping to sell their business this year to take advantage of the current tax laws because they fear what the future holds for the capital gains taxes. Look, the current minimum capital gains tax or the maximum I'm sorry.

Tom Bronson (1m 16s):

A capital gains tax rate is 23.8%, including the 3.8% surtax on net investment income, which was created by the affordable care act to fund the Medicare expansion and the proposed tax changes range from taxing capital gains as ordinary income to doubling the current capital gains tax rate and everything in between. Here's what we know so far, no changes have been passed by Congress. As of yet, we're recording this, of course at the beginning of June, number two, it's highly likely that the changes are coming okay.

Tom Bronson (2m 0s):

We can all agree. I think that changes are coming. And three, we don't know what those changes will be, and we don't know whether or not there'll be retroactive or become effective in the future. In other words, we don't know much yet, and, but that could change very quickly and it's important to stay on top of it, especially if you hope to sell this year and about that. If the driving force is to sell the business before the laws change, and if the new laws are enacted retroactively, then it may already be too late to beat the tax hike.

Tom Bronson (2m 43s):

We just don't know. And by the way, if you're hoping to sell your business this year, and then it's time to get busy on it were almost halfway through the year. It can take up to 18 months to sell a business. So if you haven't started yet, what are you waiting for? Now? You might get lucky and find a buyer very quickly, but it's very likely that it'll take some time. And so if you haven't started, you need to get started right now. Now, regardless of whether you're trying to beat the tax laws, or if you have more time, there are three things you need to do right now to get ready for that future eventual transition.

Tom Bronson (3m 24s):

By the way we've said this over and over every business on the planet will eventually transition the ones that can do it successfully on their terms are the ones that plan way in advance. So there's never a time that is too early to start planning, but here's three things that you can do right now to get moving in the right direction. First update your financial and tax plans. Second, get a valuation on your business now. And third take action to be ready when the time comes. So let's take all of these in order first update your financial and tax plans. We're going to have in a future episode, a several folks who are financial planners, and we're going to talk more about what a financial planner does and how they can help you, but suffice it to say that every business owner needs a financial planner and a great CPA.

Tom Bronson (4m 18s):

And so the first thing to do is to update your financial and tax plans. Schedule a call with your financial advisors now, including your financial planner, as well as your tax professional, they will be up to date on the most current information regarding tax laws. So you should be making contingency plans now for things that they know, even if you don't plan to sell your business this year, keeping your financial plan up to date is critical regardless of any new tax changes. So if you don't do anything else, have those conversations. And for goodness sake, if you don't have a financial advisor, call me, I have several that I can recommend to you that will do a spectacular job for you.

Tom Bronson (5m 6s):

So that's number one, schedule that call start planning now for things that you can do, get that out of the way. Number two, get a valuation of your business and do it. Now I've said over and over again, that 83% of attempted business transactions fail to reach the finish line. And the number one reason they don't succeed is unrealistic expectations of enterprise value by the owner translation. They think their business is worth more than it really is on the market. The only way to fix that is to get a valuation on your business.

Tom Bronson (5m 46s):

Now we offer three ways to do that. First is our signature transaction or transition readiness assessment. We examine the business across 500 points and provide an opinion of enterprise value along with a detailed report, including ways to increase that value. There is a fee for this one based on the size of the business. The second is a lighter version where we really only review about 40 things in the business. And we provide what we call an estimate of enterprise value, which costs about half of the price of the tra. Finally, we do offer a free preliminary valuation report, right on our website masterypartners.com.

Tom Bronson (6m 30s):

That one is free. So there's no excuse pick your option. Get the first one, which, which will give you a full valuation report and a list of things to do the second one, which is just a valuation report. And the third one, which is an estimate of value that one's free. Whichever one, pick your poison and do it, do it today. The number one reason business owners fail to transition or businesses fail to transition is that a unrealistic

expectation of enterprise value, fix that, find out what your business is worth right now. Finally take action to be ready when the time comes. And if you're not planning to sell the business in the next year, it pays to be ready.

Tom Bronson (7m 12s):

When the time comes, if you purchase our transition readiness assessment, you'll have a list of things you need to do to improve the value of the business. But if not, at least get a copy of my book, maximize business value, begin with the exit in mind. So you can start working on it today. It'll give you some clues of things that you need to start working on right now in your business. Don't be like most business owners who say they want to work on their exit strategy, but they never do so until it's too late to take action and change the outcome. Take action today to shore up your risks and get your business ready for transition.

Tom Bronson (7m 54s):

So short and sweet today, three things don't freak out. What are the three things to get your business, ready? Get update your financial plan and your tax plans. Do that right away with your CPA and your financial advisor, to get a valuation of your business. Get that done right now, go to our website, schedule a call with me. Let's talk about it. And three take action to be ready when the time comes, regardless of whether or not you want to sell today or next Year or 15 years from now, this is the maximize business value podcast, where we give practical advice to business owners on how to build long-term sustainable value in your business.

Tom Bronson (8m 36s):

Be sure to tune in each week and follow us wherever you found this podcast to comment, we love your comments and we respond to all of them. So until next time I'm Tom Bronson reminding you to get ready. Now, if you want to sell your business someday, because ultimately that business will transition. Get ready now while you maximize business value.

Annoucer (9m 3s):

Thank you for tuning in to the maximize business value podcast with Tom Bronson. This podcast is brought to you by mastery partners, where our mission is to equip business owners to maximize business value so they can transition on their terms. Learn more on how to build long-term sustainable business value and get free value building tools by visiting our website, www.masterypartners.com that's master with a Y masterypartners.com. Check it out.

Tom Bronson (9m 33s):

<inaudible> that was perfect. I wouldn't make any changes on that.