

Achieving Your Euphoric Business Exit

Why is it when private company owners sell their business, some are euphoric with the outcome, but many not so much?

Why is it when acquirers come knocking to consider buying a business, some make very strong offers, but others, not so much?

The reason is a mystery to most executives. If you want to lead your business to one day deliver a euphoric exit outcome for shareholders, think **T.O.P.S.**™

$$\text{Exit Formula} = \text{Trailing 36} + \text{Outlook} + \text{Pricing} + \text{Sticky}$$

Formula Element	Definition
Trailing 36	This reflects your company's prior 36 months of financial performance. This shows a potential acquirer that you have built a business attractive to a customer base with a proven product or service and customers have rewarded you with year over year consistent revenue and profit growth. An acquirer will see this as a solid base for them to continue building upon.
Outlook	Your Trailing 36's may indicate your company was yesterday's news. But your outlook, depicted in your having a robust sales opportunity pipeline, will show that your company will be tomorrow's news as well. You will want to show a potential acquirer that you have plenty of remaining growth runway left in your business as this will be essential to exciting them and will underpin their making a strong offer for your company.
Pricing	Being able to show year over year pricing authority with all, or a meaningful segment, of your customer base is an indicator of the value customers perceive that they get from your business. Having the ability to raise your prices periodically, and have negligible attrition as a result, meets an important criteria with acquirers as they value your company.
Sticky	This reflects how reliant your customers are on your product or service. When a customer has few competitive alternatives to your offering, this reflects very well on your business. Your customer "sticking" with you over time versus spreading their business across multiple competitive alternatives builds excitement with acquirers as they know they will benefit from this relationship going forward.

Where should you start in delivering on this formula? Here are steps you can start taking today to help you build a business that will excite future acquirers:

- Assess your team/organization as it is the foundation for delivering on the T.O.P.S.™ formula. Ask yourself:
 - o Do I have the organization culture that can help me deliver on this formula?
 - o Do I have the right people, in the right roles with the right focus working toward this formula?If the answer is no to either of these questions, this becomes your starting point to improve.
- Talk with your board and/or your advisors and discuss the T.O.P.S.™ formula to solicit their insights and guidance. Having strong advisors around you can help you think through each element of this formula and help you identify improvement steps you should take.
- Conduct an exit readiness assessment of your business to see where you may have gaps in commanding an optimal valuation for your business. There are various resources available for doing this, including **Greenpoint™**, an online assessment tool available from us at YosemiteAssociates.com.

Start today to develop your plan to build and execute on the T.O.P.S.™ exit formula. Doing so will give you the confidence that you are well on your way to your future great exit event. It is well within your control to one day join the elite group of company owners and CEO's that achieve this professional pinnacle of success.

*About the Author: Larry O'Toole has over 20 years as an experienced CEO of manufacturing and service businesses. He founded Yosemite Associates, LLC and introduced the **Bank your moment®** and **Greenpoint™** campaigns to help company owners extract the uncertainty associated with building their company worth. Larry serves on various corporate Boards and assists a diversified group of business owners on their worth creating journey. Larry can be reached at 949.874.0787 or Larry.OTOole@YosemiteAssociates.com.*

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