Cultivate Advisors™

SYTA
STUDENT & YOUTH TRAVEL ASSOCIATION

Succession Planning for Your Family Business

Hello! I'm Colin Bowman

- Background in home services franchising - 65 franchisees, 350+ employees, began advising small businesses in Feb 2020
- Advised 38 businesses in 29 different industries
  - Design Build x3, Restoration, Marketing x3, House Painting x3, Property Management, Accounting, IT, Website Design, Architecture, Construction, Virtual Assistant Agency, Speaking Agency, Product Design, Transportation and Logistics, Financial Advising, Real Estate, Business Automation/CRM Design, CBD, 3PL, Custom Woodwork, Physical Therapy, Garden Design, Personal Protective Equipment, Landscaping
- Currently have 8 Clients on Inc 5000 List

Cultivate *Advisors*

A World Made Better by Entrepreneurs

INCREASE PROFITS | GROW ENTERPRISE VALUE | SCALE YOUR BUSINESS

PROPEL YOUR BUSINESS BEYOND EXPECTATIONS

Cultivate Advisors has Been A Fastest Growing Firm, 5 Years In A Row

Cultivate Advisors has 450 + 5-Star Google Reviews

NPS

Cultivate Advisors has A World Class NPS serving 3000+ Clients

Cultivate Advisors is A Top Workplace for 120+ Staff

Today's Agenda

1. From Strategy to Execution - Family Business Succession Planning
2. Case Studies/Examples
3. Most Common Blindspots & How to Avoid Them
4. Q+A and Complementary Resources

Expectations

- Yes, you'll get the recording
- Questions in chat throughout/Q+A at end
- You've made the cut - not here to outshine anyone
- Avoid black hats - "won't work for my business"
- Note: most of this content works for the succession planning of any business

What makes family businesses particularly nuanced/different?

Ownership Strategy
Vs.
Business Strategy

In my experience...

- How much revenue did you do last year?
- What was your profit last year?
- What is the enterprise value of your business? How does this compare to the asset you want to build?

An Ownership Strategy + Business Strategy Should Include

- Ownership: Enterprise Value + Cap Table
- Business: Vision + Macro Goals + KPIs + Initiatives
- Business: Org Chart (Now + Future

Cultivate Case Study

Father / Son Transportation Firm - Scaled from 8M to 55M

- No formalized ownership or operating agreements
- Lack of trust/micromanaging from afar
- Used GWC and Org Chart to Clarify Progress
- Solution: Cap Table + Business Plan
  - COO Alliance Reference
  - Calculating + Showing company share value regularly

Quick Pulse Check

Assess + Develop Great Governance

- This solves / proacts on so many problems!
- These are family businesses' "Going Pro"
- Public companies are required to have boards, private companies rarely do (but I've never seen an Inc 5000 company without a team of advisors)

Governance Pillars

- <u>Operating Agreement</u>
- Org Chart + Scorecards + GWC
- Build a World Class Advisory Team
  - Wealth Advisor (w/ 50%+ of Entrepreneur Clients)
  - Estate Planner / Legal
  - Business Advisor - QB on strategy/execution
  - M&A Advisor

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Cultivate Case Study

Husband and Wife Home Service Company - hovered around 3M for several years

- First advising sessions looked like Dr. Phil episodes
- No working agreement in place
- Goal shifted from becoming Co-CEOs to Board Chairs
    - Sold last year for 27M

Quick Pulse Check

Mind Blowing Stats

"Nearly 50% of all business exits are involuntary and forced by dramatic external factors, and 79% have no plan." ~ Exit Planning Institute

The 5 D's:

Death | Disability | Divorce | Disagreement | Distress

Common Blind Spots

- Not having a regular meeting cadence for ownership + business strategy (Ownership = Quarterly, Business = Weekly/Monthly)
- Creating silos + no strategy on building advisory team
- Misaligned comp plans - “show me the incentive and I’ll show you the outcome”

Anything specific to your business you'd like to bring to the group for some problem solving?

Next Steps

STUDENT & YOUTH TRAVEL ASSOCIATION

- Recording + Deck
- Complimentary Deep Dive Assessment + Roadmap to Increase Enterprise Value for SYTA Members (90-120 minutes, written roadmap)