

A scenic landscape featuring a river flowing through a valley, surrounded by mountains and a sun flare on the left side. The text is overlaid on a semi-transparent teal rectangle.

CERTIFIED
FOUNDERSGroup
ASSOCIATE

Business Attractiveness & Readiness
Personal & Financial Readiness Assessments

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Overview

- **Process for Attractiveness and Readiness Assessments**
- Personal and Financial Readiness Assessments
- Business Attractiveness and Readiness Assessments
- How the Assessments are different than other Exit Planning Solutions

Process for Attractiveness and Readiness Assessments

f ASSESSMENT REPORTS PROCESS

STAGE 1 – REVIEW AND ENHANCEMENT INITIATIVES DESIGN
E.7a – ASSESSMENT REPORTS PROCESS

Date: _____
 Team Member Sign off: _____

Purpose:

- To create a consistent and repeatable process around the business attractiveness and readiness and personal and financial readiness assessments interview and recording phase
- To ensure the integrity and accuracy of the assessment models, the analysis, and the assessment reports
- To assist in identifying gaps in the owner's business, financial and personal life that would benefit from enhancement initiatives
- To ensure a timely deliverable to the client, in conjunction with the calculated business valuation report, that meets client expectations

Summary and Order of Steps

1. Schedule and Confirm the Personal and Financial (P&F) Assessment sessions with each business owner separately using (E.7b) and (E.7c)
2. Advisor uses the link to the Assessment Model Survey that has previously been provided by TFG admin team. Note: the links are different for TFG partners versus CFQA's (Certified Founders Group Associates).
3. During the P&F assessment sessions, client answers the questions while the Advisor records the notes and comments in the survey tool (including TFG's own notes)
4. The Advisor completes their own survey (scoring of the questions) from their perspective for each owner to use as a comparison to the owner's responses
5. At the conclusion of the P&F Assessment sessions, and the financials for the Calculated Business Valuation are received, the Business Attractiveness and Readiness Assessment sessions are scheduled with each business owner separately.
6. After the Assessments are completed, the survey data is downloaded and uploaded into the Report App. Note: CR3A's will need to notify the TFG Admin team when they have completed surveys for each owner and themselves. TFG Admin team will access the survey data and generate the P&F reports for each of the owners with 24-48 hours.
7. TFG Admin goes into the Report App and selects the questions and the order of the questions to be included in the Personal and Financial Assessment Report Template (E.7d)
8. The Advisor analyzes the results of the P&F Readiness Assessment scores populated in the report and develops the draft of the P&F Readiness report (this report is not finalized until after it is presented to the client).
9. Confirm the previously scheduled Business Attractiveness and Readiness Assessment sessions (E.7b)
10. Repeat steps 1 – 9 for the Business Attractiveness and Readiness Assessment sessions.

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f ASSESSMENT REPORTS PROCESS

Items in **BOLD** reference a step in the process.

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Detailed Assessment Report Process (from TFG internal perspective)

- This assessments process is usually performed concurrently with the calculated business valuation process
- On the 3rd business day prior to the sessions, send the Confirm Personal and Financial Readiness Assessment Meeting Letter (E.7b) to confirm the date and time of the session.
- On the day of the session, prior to the session, set up the technology and ensure any technical issues have been resolved. If performing a meeting over Zoom, ensure the client's virtual presence and connectivity are established.
- The Advisor will secure a link to perform the online Survey Assessment. The Advisor will conduct the meeting and ask the questions while the analyst (if applicable) will record the business owner responses and take notes. Detailed notes are necessary for the Reports.
- The lead TFG Advisor explains to the business owner the protocols for the Assessments, the scoring, the weighting system and that the business owner should answer the questions as unbiased as possible from the perspective of a third-party independent buyer.
- The interviewer commences with the Personal and Financial Readiness Assessment questions. The business owner is instructed to choose amongst the five responses (strongly disagree to strongly agree) that best reflects their position with regards to the question.
- The interviewer must always be looking at the time to ensure that the interview process is moving along at a pace that will allow for the business owner to complete the questions within the allotted meeting time.
- After the session, and TFG receives the financials, the lead TFG Advisor sends a letter to confirm the Business Attractiveness and Readiness Assessment sessions (E.7b)
- Conduct the Business Attractiveness and Readiness Assessment sessions
- Once the Business Attractiveness and Readiness, and Personal and Financial Assessments are complete, TFG will separately complete its own Assessments to be compared to the owner's responses. The TFG assessments are included in the reports.
- NOTE: THE TFG ADVISOR WILL PERFORM THE ASSESSMENT AS SOON AS POSSIBLE AFTER EACH SESSION AND NOT WAIT FOR ALL OF THE SESSIONS TO BE COMPLETED
- The Advisor will download the survey responses from the online survey tool and upload the survey results into the Report App.
- The Advisor goes into the Report App and selects the questions that will be included in the Assessment Report - the Business Assessment Report (E.7d), the Personal and Financial Assessment Report (E.7d) and downloads the Reports. The Advisor will then revise and draft the Business Attractiveness and Readiness Report and the Personal and Financial Readiness Report.
- A TFG Partner will review the Assessment reports and identify any issues/changes to be made.
- Once the Assessment reports are approved, the TFG Advisor drafts the Business Executive Summary Report (E.7h) and uses the business value determined in the Calculated Business Valuation Report in (E.6f) and the results of the Business Attractiveness and Readiness Assessment Report in (E.7g), to draft the Executive Summary report.

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- Within the Executive Summary, the current value of the business from the Calculated Business Valuation report will be included as a starting point and a potential value of the business will be highlighted to show the business owner the value that can be realized throughout the TFG engagement.

- The draft Executive Summary report will be reviewed by a TFG Partner and any modifications will go back to the Advisor.
- Once finalized, the reports will be prepared for distribution and a letter sent to the TFG management team that the reports are available for quality control review (E.7k). Once reviewed and any adjustments made, the TFG Advisor can begin the process of finalizing the Assessment reports
- The final Assessment reports will go into a quality control review queue where the following occurs:
 - Text will be converted to black/grey (template colors removed)
 - A DRAFT watermark will be inserted on the report (each page)
 - The report will be finalized and put into a separate folder within the client's data labeled "Final Reports" and a PDF will be created.
 - The report will be encrypted with a password to prevent any editing by the client
- Please refer to F – PRESENTING THE VALUATION AND ASSESSMENT REPORT RESULTS PROCESS

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Overview

- Process for Attractiveness and Readiness Assessments
- **Personal and Financial Readiness Assessment**
- Business Attractiveness and Readiness Assessments
- How the Assessments are different than other Exit Planning Solutions



Personal and Financial Readiness Assessment - Timeline

- Review the Process Document to follow the steps in the process
- The Assessments typically occur via Zoom
- Letter sent to schedule the Assessment with each business owner
- Once each business owner takes their Assessment, we independently take the Assessment of each business owner
- The Personal and Financial Readiness Assessment report developed for each business owner (and discussed individually)
- The Personal and Financial Readiness Assessment report is not typically reviewed during the Presenting the Results meeting with the Client since it is confidential to the business owner who took the assessment



Personal and Financial Readiness Assessment - Interviews

- We talk with the Financial advisor prior to scheduling the Personal and Financial Readiness Assessment
- Questions that a business owner answers about their personal and financial situation to identify how ready the business owner is for an exit or succession of the business
- We ask follow up questions to learn as much about the business owner as possible
- Understand the business owner's mindset at the time they take the Assessment
- Deep dive question and answer session seeking to obtain the last 10% of information that a business owner does NOT want to share with us
- We probe to understand if there are opportunities to send new business back to the financial advisor



Personal and Financial Readiness Assessment – the Report

- Each business owner receives their own personal and financial readiness overall score based upon their own assessment (TFG’s score is also included)
- Each business owner receives a score in each category that is weighted in the overall readiness scores
- The Personal and Financial Readiness Assessment Report includes the strengths and opportunities (weaknesses) of the business owner’s personal and financial situation
- The Personal and Financial Readiness Assessment Report includes the gaps in the business owner’s financial and personal situation (per TFG)

Overview

- Process for Attractiveness and Readiness Assessments
- Financial and Personal Readiness Assessment
- **Business Attractiveness and Readiness Assessments**
- How the Assessments are different then other Exit Planning Solutions



Business Attractiveness and Readiness Assessments - Timeline

- Review the Process Document to follow the steps in the process
- The Assessments typically occur via Zoom
- TFG will not schedule the BA & BR assessments with the business owners until we review the financial information provided by the client.
- Letter sent to schedule the BA and BR Assessments with each business owner
- After the business owner(s) take the BA and BR Assessments, TFG independently takes the BA and BR Assessments (factoring in their responses)
- The BA and BR Assessments report is developed based on the results obtained
- A Presenting the Results meeting is scheduled with the Client to review the Assessment reports, the Calculated Business Valuation report and the Executive Summary



Business Attractiveness and Readiness Assessments - Interviews

- Questions that a business owner answers about their business to identify how attractive or ready the business is for an exit or succession
- We ask follow up questions to learn as much about the business as possible
- Understand the business owner's mindset at the time they take the Assessments
- Deep dive question and answer session seeking to obtain the last 10% of information that a business owner usually does NOT want to share with anyone
- Looking to triangulate responses and catch irregularities
- By the end of the sessions, the business owner(s) has confidence that we understand their business and situation

Business Attractiveness and Readiness Assessments – Survey Questions

Business Attractiveness Survey

Client's Business/Company Name
Client/Business Owner Name (Interviewee)
TFG Partner Name (Interviewer)
Date of Survey

This survey contains answers according to

An owner of the Company

A family member who is not an owner

A Founders Group Partner

A Certified Founders Group Associate

None of the above

Q4 - Customer Concentration

You are confident the Company does not have a customer concentration issue (revenue is sourced from many different customers).

Strongly disagree Somewhat disagree Neutral Somewhat agree Strongly agree

Please elaborate:

Very diverse customer base, broad demographics and income. _____ business versus _____ business is 75/25. Customers have a 5-7 year life cycle.

Q6 - Existing versus New Revenue

What percentage of revenues come from existing customers?

Less than 10% 11%-20% 21%-30% 31%-40% Above 40%



Business Attractiveness and Readiness Assessments – the Report

- The Company and TFG receive an overall attractiveness and readiness score based upon each assessment
- The Company and TFG receive a score in each category that is weighted in the overall attractiveness and readiness scores
- BA & BR Assessments Report includes the strengths and opportunities (weaknesses) of the Company
- BA & BR Assessments Report includes any gaps in the Company
 - Gaps identified between the owners in the Company
 - Gaps identified between the owners and TFG

Overview

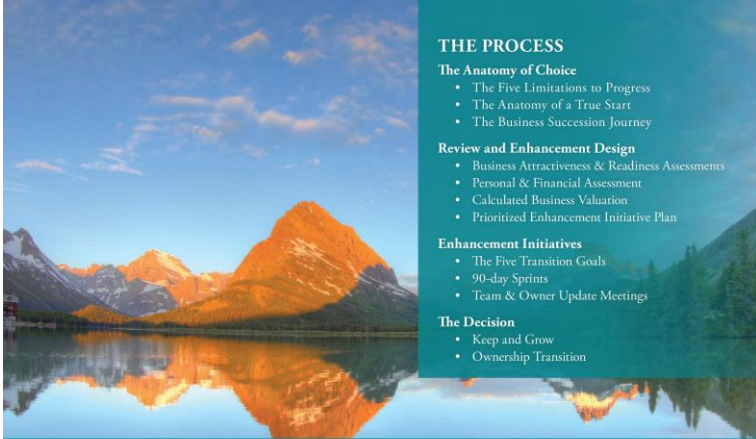
- Process for Attractiveness and Readiness Assessments
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How the Assessments are different than other Exit Planning Solutions

Other Solutions Available

- Maus
- BizEquity
- Value Builder
- Value Scout

TFG Process



THE PROCESS

The Anatomy of Choice

- The Five Limitations to Progress
- The Anatomy of a True Start
- The Business Succession Journey

Review and Enhancement Design

- Business Attractiveness & Readiness Assessments
- Personal & Financial Assessment
- Calculated Business Valuation
- Prioritized Enhancement Initiative Plan

Enhancement Initiatives

- The Five Transition Goals
- 90-day Sprints
- Team & Owner Update Meetings

The Decision

- Keep and Grow
- Ownership Transition

The Founders Group
Leading business owners through all phases of transition where increased clarity, net cash flow, and market value expands and solidifies choices for business transition: if, when, how, how much and to whom.
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How the Assessments are different than other Exit Planning Solutions

- Deep dive discovery
 - The Assessments are very comprehensive to help us learn all about the Company and the business owner(s)
- We are already analyzing the Company and are qualified to independently assess the Company
 - TFG's independent Assessments are included in the scores for the Company and the business owner(s)
 - The scores are weighted based on importance
 - Results are more realistic of how an investor may view the business since its not just the business owners' views of the attractiveness and readiness of the Company

How the Assessments are different than other Exit Planning Solutions

Personal & Financial Readiness Assessment

Company Name
Interviewee Name
Interviewer Name
Date of Survey

This survey contains answers according to

An owner of the Company

A family member who is not an owner

A Founders Group Partner

A Founders Group Advisor

None of the above

Q3 - Income from Net Proceeds

I am confident that my current income levels can be maintained if I no longer earn income, perks, and benefits from the business - and instead only rely on passive income from personal assets (including net proceeds from the business).

Strongly disagree **Somewhat disagree** Neutral Somewhat agree Strongly agree

Q1 - Business Valuation

I have a strong understanding of the value of the business as it relates to my overall net worth.

Strongly disagree Somewhat disagree **Neutral** Somewhat agree Strongly agree

Please elaborate:

Q2 - Business Valuation

Assuming the business was sold, and my net worth includes proceeds from the sale of the business plus other assets and/or liabilities. What percentage of this total would the net proceeds from the business sale represent?

Less than 25% 26-40% 41-60% **61%-74%** Greater than 75%

elaborate:

Transition Costs

I fully understand the effect that the taxes, professional fees, and transition costs will have on my net proceeds from the transition.

Strongly disagree **Somewhat disagree** Neutral Somewhat agree Strongly agree

How the Assessments are different than other Exit Planning Solutions

It is very important to me and my family to maintain confidentiality during the transition.

Strongly disagree Somewhat disagree Neutral **Somewhat agree** Strongly agree

Please elaborate:

Q7 - Exit Discussion

I have discussed a possible exit from the business with advisors.

Strongly disagree Somewhat disagree Neutral

Q11 - Fears

I feel confident and comfortable about the potential exit/transition process.

Strongly disagree Somewhat disagree Neutral **Somewhat agree** Strongly agree

Please elaborate:

Q12 - Lifestyle Change

I have carefully considered how my lifestyle will change after the transition.

Strongly disagree Somewhat disagree **Neutral** Somewhat agree Strongly agree

Q6 - Unplanned Transition

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree
I fully understand the potential income and capital erosion that may occur if there is an unplanned transition of the business.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I find potential income and capital erosion from an unplanned transition a very important concern.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
I have developed a detailed contingency plan to offset this risk.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Notes:



How the Assessments are different than other Exit Planning Solutions

- Business Expertise – We are experienced working with business owners to assess and improve the business and thereby increase the value of the Company
- Generate More Business for CFGA Associate – We use the Assessments to independently uncover additional opportunities for the CFGA Associate
- Frees the CFGA Associate up to focus on generating new clients knowing that clients referred to us will:
 - Receive the highest quality treatment
 - Keep the CFGA Associate informed of every step that we take with the client

Summary

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Questions

