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trekking

practical strategic thinking and action
newsletter issue #85

what if you knew?

On Wednesday night, I'll be speaking on a panel for an event titled, "Managing Mergers and Acquisitions". I'll be describing steps around intangibles and preparing the business for exit. Other panelists will describe psychological and emotional preparation in selling as well as legal issues and the process of the deal itself.

The great aspect of this event is that the moderator will kick off by asking, "**What would you do if you, as the business owner, had six months' notice that you had to sell immediately** (maybe because you were going to die?)?" What a great perspective! (aside from the dying part...)

Here's what I think:

Human Capital:

- Are there successors to take over for you in your company?
- Do these successors have employment contracts that will make them want to stay with the company?

Structural Capital:

- Do you have a will?
- Are all the key processes in your operation written down?

Relationship Capital:

- Are your customer relationships secured with long-term contracts?

Strategic Capital:

- Do you have life insurance?
- Is your family cared for financially?
- Do you know the value of your company?
- Are you prepared from a tax angle?
- Is your company prepared and attractive for potential acquirers?

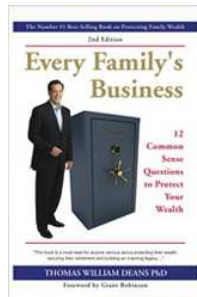
- Could your company survive a rigorous due diligence process?

I'm sure there will be many great ideas and recommendations from the other panelists and in questions from the audience. I'll be taking notes along with everyone else attending.

reading list

[Every Family's Business by Tom Deans](#)

This book is the relating of a colorful conversation between two fictional owners who recently sold their respective businesses who meet on a flight to Barbados to invest their proceeds. One sold his family's insurance business twelve years after taking it over from his father. The other sold his furniture manufacturing business after years of fighting with his son, daughter and wife.



The book's best passage: "(Lay out) a process...that keeps the family members in the business focused on the goal of selling the business at some point--selling the business at the highest price to the highest bidder, giving preference to cash and without prejudice to whether the buyer is family or an unrelated third party. The stock of the business must always be understood to be for sale. Sale of the stock takes primacy over

any consideration of family employment. And family employment will not alter or distort the value assigned to the stock."

Putting the business first. Brilliant.

announcements

Last weekend, I flew in from speaking to an industry group about intangible capital and exit planning in the Bahamas, then ran a personal best marathon (by seven minutes) in Providence, R.I. in 4 hours, 18 minutes. Beat my goal of <10 minutes/mile (9:51). Woohoo!

Wednesday evening, May 11, As mentioned above I'll be a panelist at the Merrimack Valley Venture Forum's program in Chelmsford, MA: Managing Mergers &

Acquisitions This [panel discussion](#) will help owners evaluate whether their company is already positioned to reap its intrinsic value when the unexpected event or unsolicited offer puts the company in play or whether the owner will be heard to say, "I wish I took the time





to be prepared." Other panelists include Michael Cassata, Managing Director, Consilium Partners, Thomas Davidow, Thomas D. Davidow & Assoc., and Larry Ginsberg, CBIZ Tofias. Bill Rodgers, Partner at Tarlow Breed Hart & Rodgers, will moderate. If you'd like to attend at the member rate as my guest, use the code XPX when you register.

Our firm is on the planning team and will attend



"New Building Blocks for Jobs and Economic Growth: Intangible Assets as Sources of Increased Productivity and Enterprise Value," on May 16-17 at Georgetown in Washington, D.C. Fed Chairman Ben Bernanke will be a keynote, speaking on intangible

capital.

Wednesday, May 18 at Babson College, Wellesley, MA



XPX - Boston will hold a [breakfast meeting](#) where former business owners Jeff Garr and Ken Bettenhauser answer the question, "When is

an Exit not an Exit?"

Wednesday, May 25 XPX- Boston will hold a [roundtable](#) in Boston around the topic of helping selling business owners understand their new-found wealth and how to apply some of it to a philanthropic program,

Wednesday, May 25, Hartford Club, Hartford, CT



Succession Planning for Business Continuity - This [breakfast event](#) will look at the business succession

and continuity planning opportunities presented in the current tax climate. The session will also outline strategies for business owners, CEO's and CFOs to mitigate risks to business continuity and effectively manage a business succession due to a planned transition or a sudden loss

Wednesday, June 1 at the Pyramid Club,

Philadelphia XPX - Philadelphia will have a [breakfast meeting](#) on "The Next Generation in Family Business".

Pane



lists Frederick Lipman and Nancy Drozdow will discuss their experiences with family business exit

planning involving the next generation.

XPX - DC Metro - June 15 evening event at Snyder Cohn, CPA, N. Bethesda, MD - XPX friend Mario Ricciardelli will speak on "From dorm room to public company buyout: Lessons learned along the way to a successful exit". Mario will enlighten the audience with his first-hand experiences around building his successful business, his ownership transfer through a sale, and the role of advisors throughout. He will also speak about the owners whose companies he acquired for the UK company that acquired his own firm six years ago. This is the **inaugural event** for the Washington D.C. Metro chapter of XPX!



about trek consulting

Trek works with privately-held businesses to develop and execute action plans for growth, frequently by identifying, assessing and improving the intangible capital in a firm. Trek also works with the owners to prepare for their successful exit by coordinating the resources necessary to increase and preserve the firm's value, creating the succession plan and assembling the right transaction team, financing and post-transaction plan. Trek Consulting is one of the founding partners of the Exit Planning Exchange (**XPX**). Trek's principals co-authored **[Intangible Capital: Putting Knowledge to Work for the 21st Century Organization.](#)**

Our clients report improved market focus, greater revenues, better margins and increased profits. To learn more about Trek Consulting and how we can help you improve your company's results, visit us on the web at **www.trekconsulting.com** or call us at 781.729.1008.



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