

| YOU CAN GET THERE FROM HERE

THE EXITMAP®

# ASSESSMENT

Date: 8/10/2025

Provided courtesy of:

Business Owners Strategic Solutions LLC

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Client: Willey Coyote, President,

ACME Manufacturing



# About Exit Planning

An Exit Plan is simply a strategic business plan with a defined time frame. It is the process of preparing for a transfer of a business owners' responsibilities. He or she may wish to step back from day to day operations, start a succession path for employees or family members, or perhaps divest the business from his or her asset base entirely. Regardless of the motivation, in order to facilitate a successful transition and control the process, you're going to need to do some planning.

There are three key reasons to engage in exit planning:

- 1. Because it will change the way you run your business.**

For example, who you hire and how you train them will be very different depending on if you are grooming successor owners, or if you are trying to put a stable team in place for a new owner from outside the company.

- 2. Because it is never too soon.**

"I spent too much time planning." said no business owner *ever* after transitioning. Transferring the business may be the biggest financial event of your life. If you want to maximize the results, it is going to take some time.

- 3. Because planning isn't implementation.**

If you're driving across the country, you map out a route and choose the highways you'll take. No one confuses that with starting the car and putting it in gear. Having a plan lets you choose what to adjust with changing circumstances, and just because you have a plan in place it does not mean that you have to implement it. It means that you will be ready when the time comes.

## Q: Why should I work with a qualified Advisor?

A: We know from working with thousands of busy owners that coordination with an Advisor helps you stay on track, and measurably increases your chances of success. The Advisor who provided you with access to the Assessment is a trained professional who joined the exit planning community to collaboratively work with other Advisors to develop complete and coordinated plans. Your custom Analysis will help keep the whole team on track.

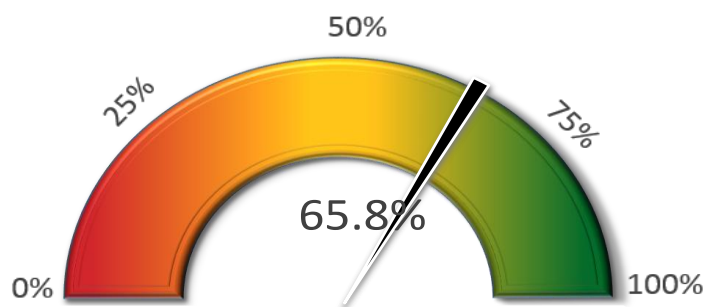
## Q: What if I am not ready to exit yet?

A: Sooner or later every business owner leaves the business. You can choose to do it on your own terms and in your own time frame, or let it be a surprise. Once you understand your options, you will find the strategy that you choose affects all of your future business decisions. Hiring, capital expenditures, new marketing approaches and management development will all be done with your eventual buyers (whether internal or external) in mind. Having a concrete game plan allows you to better control the timing, process and results when you decide to execute it.

## Q: What is the single most important component of my exit strategy?

A: Your exit strategy shouldn't be driven by just one factor. Tax planning, legal documentation and risk management all have a place at the table, but none of those areas are the sole path to success. When the time comes, work with your Advisor to assemble a professional team that will help you pursue and achieve your goals.

# Overall Exit Preparedness



Your Preparedness Score is 65.8%.

Your Assessment score indicates that you have at least several areas of functional accomplishment that are ready, or nearly ready, for a successful transition. Consider developing a timeline between your current personal liquidity, the amount you need after a transition, and the required proceeds to be realized from your equity in the business at the time you leave.

## Exit Preparedness Overview

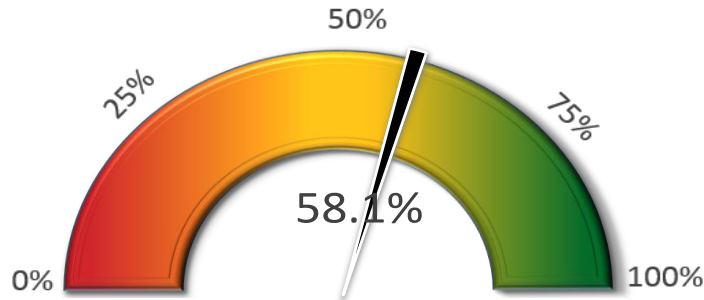


The above illustration shows your score broken down into four functional areas. This will help you and your advisor discuss which areas should receive the most attention or be addressed first.

Throughout this report you will see urgency and difficulty ratings. The urgency scores are greatly affected by your time frame for transition. The difficulty scores are an indicator of the things that will take the most work to improve.

Many owners ask what they can do to improve their score right away. This Assessment is like getting a physical from your doctor. He says you need to lose weight, eat better and exercise more. You don't go home, eat a salad, run ten miles and go back the next day for another physical. The ExitMap helps you focus on the activities that will improve your transition outcome. If you want to take it again after making changes, that is fine but no score guarantees a specific value or result. The objective is just to get better.

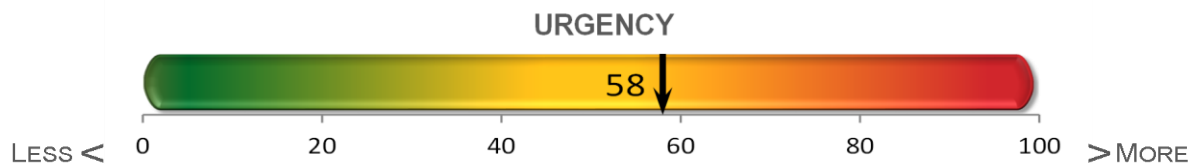
# Financial Preparedness



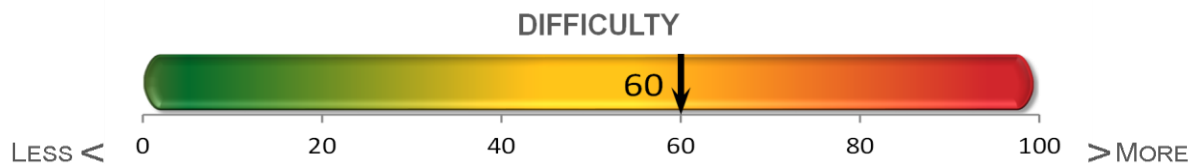
Your Financial Preparedness Score is 58.1%.

Any exit plan revolves around the equity you expect from your business. Your Finance preparation score is derived from your answers to valuation and taxation questions. Understanding the realities of value and taxes on both entity and transaction structures will help you gain a better understanding of what to expect.

## Challenge Index:



If some institutions have extended business credit without personal guarantees, explore the potential of a wider relationship. Hearsay valuations often confuse profit, earnings and revenue multiples. Start any transition process with a written valuation by a certified professional. Defining an SIC or NAICS code for your business may require averaging between two similar industries. Strategic buyers seek exclusivity in markets, products or territories. Make certain that your estimates of taxes are based on how acquisitions are permitted and structured for a company like yours.



If some business debt is granted without your personal signature, it is time to start expanding the score of the company's independence. Sellers frequently use the highest number they can justify as a matter of pride. Understanding structures and tax consequences is a prerequisite for any exit plan. Ask your accountant or banker for the reports from Sageworks or RMA on your industry metrics. Analysis by an accounting professional is advisable, but they are frequently unaware of the practical realities of deal structuring. Targeting a large acquirer requires tailoring your business to fit their profile. That may indicate a lengthy repositioning process.

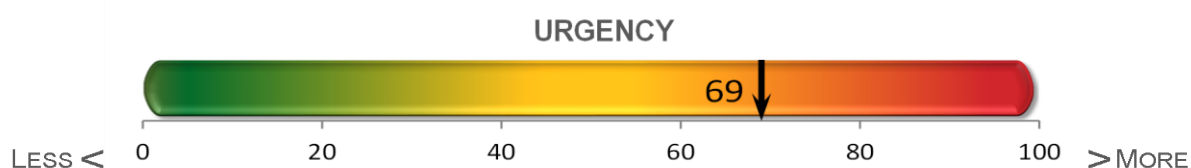
# Planning Preparedness



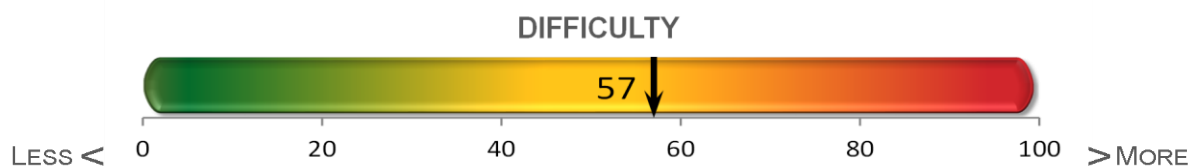
Your Planning Preparedness Score is 54%.

Planning is at the core of any transition process. Regardless of how much you currently plan for business operations, the biggest financial event of a lifetime warrants careful thought and preparation. Planning preparation scores are derived from your answers regarding timing, objectives, and your post-exit vision for yourself and your company. You've put some thought into how an exit might work, but it is time to start gathering facts and making more substantive plans.

## Challenge Index:



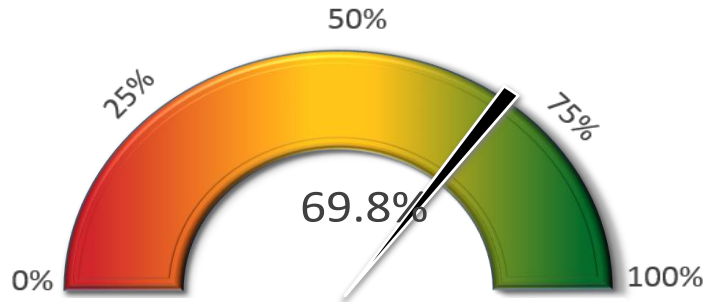
Engaging a professional to draft a financial plan is a worthwhile investment. Without planning, the sale price of a company may not last as long as your expected lifetime. If you are still central to your daily operations, there is a serious issue with developing management in time for a lucrative exit. Employees seldom have a comprehensive picture of how to maintain value without you. Discussing it enhances everyone's sense of security. Preparing your company for a successful sale requires complete documentation of all systems and processes. Developing a Personal Vision for life after the sale takes some thought, but it is critical to any successful transition.



The majority of business owners have half their net worth in their company. Understanding its value is critical to your future planning. Exit timing is a major issue, regardless of your health. You should have a practical plan already in place. Your family and employees deserve a rational, documented plan in the event of your misfortune. The most successful exits often happen when you are enthusiastic about the next stage of your life. A third party sale is a one to three year process, assuming that you have your value drivers in place before starting.



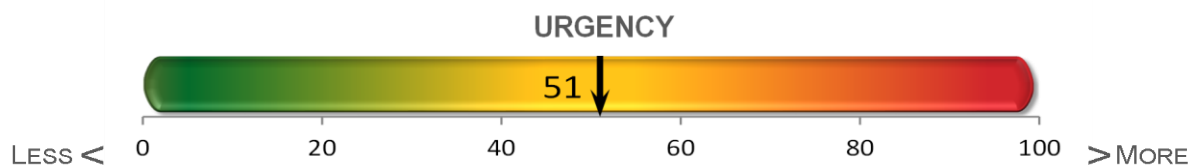
# Revenue/Profit Preparedness



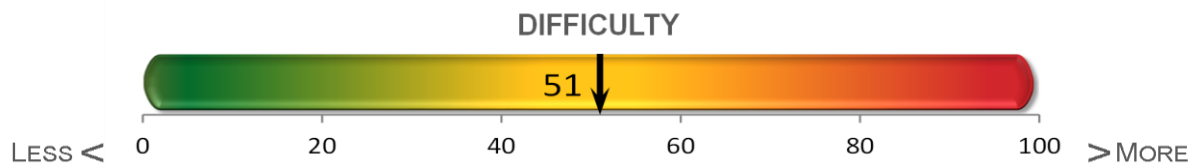
Your Revenue/Profit Preparedness Score is 69.8%.

Sales trends, customer stickiness and profitability are major factors in realizing the equity value of your company. Your Revenue/Profit preparation score is derived from your answers regarding sales trends, profitability and markets. Your profits and revenue trends are probably in line with a solid valuation. Examine your customer base for potential issues of concentration or profit erosion, and make sure your valuation goals align with your projected growth.

## Challenge Index:

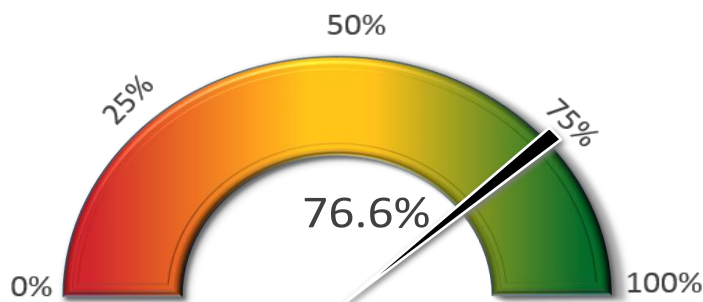


Are your service levels merely what customers expect, or can you document the impact on increasing margins? Profits that stay only slightly ahead of expenses are fine, but not exciting to most buyers. Some growth in revenues is always desirable. A better scenario is to be growing more rapidly than your market or competitors. The lower your dependence is on individual customers, the easier a sale and financing will be.



Every business claims, "We give great service." Begin immediately validating your service as something your customers are willing to pay for. Growing profits are desirable, as long as they are proportionate to sales, and not generated by simply cutting long term investment. Revenue growth is critically important, but profit margins must be increasing proportionately. It appears that you can sustain the loss of at least one major customer, but further diversification is desirable.

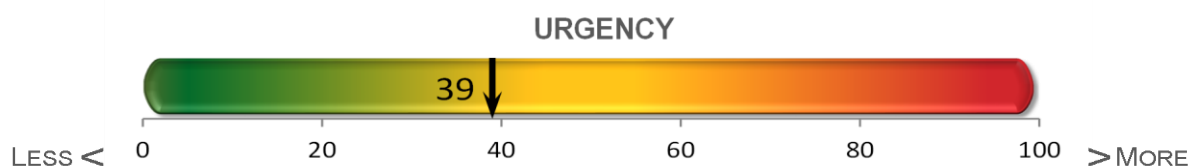
# Operations Preparedness



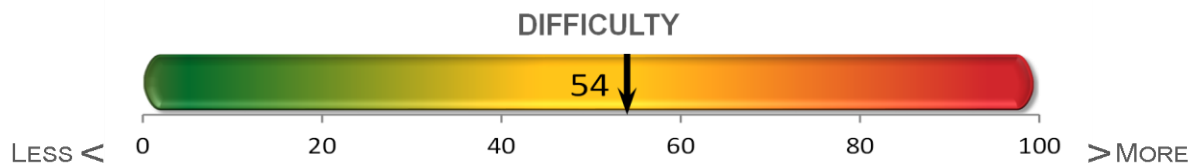
Your Operations Preparedness Score is 76.6%.

The value of any business lies largely in its talent. Key employees who can assume your duties (or already have) increase business salability, and offer protection against a distress sale. Your Operations preparedness score is developed from your responses to questions about your employees and systems. You have some management and appropriate systems in place. It may be time to look at how to retain key personnel after your departure, using long term incentives or deferred compensation.

## Challenge Index:



If there are only a few areas where your direct input is required, think about delegating even those. Unless your supervisory staff have greater potential, you should start "Topgrading" them for people who do. With both a vision for the future and regularly reviewed employee goals, it isn't difficult to bring the two processes together. Long work days not only scare off younger buyers, they make it difficult to retain key employees as well. Developing and maintaining a regular cycle of technology upgrades gives comfort to a buyer in multiple areas. If you already have a second in command, assess the maximum length of time he or she could run your business without you.



Having documented systems is a vital part of passing due diligence. Take the time to make sure they are current. Supervisory personnel are valuable, but you should consider whether they have the talent to be developed into real decision makers. Out of date technology has become a major issue in due diligence, and an assured deduction from business value. If your employees are already accustomed to documented goals, carefully aligning them with broader organizational objectives can improve results. Your work week appears fairly normal for an entrepreneur, but won't be very attractive to someone younger that steps into your shoes. It is vital to secure your proprietary information with those who have knowledge of it. Check with a labor lawyer to make sure the terms are enforceable.

# Building Your Planning Team

A successful transition requires the support of multiple professionals. At a minimum your team should consist of:

## Exit Planner:

The Professional Advisor who asked you to complete this Assessment is an ExitMap Affiliate. He or she has chosen to invest in tools and a process to help business owners plan a transition they can control. Coordinating the other professionals in their work is a key component of cost-effective exit planning. Your exit planner is prepared to act as your coach, the quarterback of the planning team, and may also add a technical specialty of his or her own.



## Business Attorney:

Most attorneys can handle routine contracts for small businesses, but a good one will have a comprehensive knowledge of escrow agreements, chargebacks, and liability collars on your representations and warranties.

## Certified Public Accountant:

Your tax preparer may or may not have the experience to render expertise in a transaction. Such practitioners need to be experienced in the special issues created when a company changes hands. Those may include taxation of inventory, depreciation recovery, taxation when exercising options or virtual equity rights, personal goodwill, and payment structure of the sale.

## Estate Attorney:

Your estate attorney has the job of protecting your assets following the sale, and in the event anything happens to make you incapable of completing the transition. This includes knowledge of wills, inheritance law, and a wide range of revocable, irrevocable and charitable trusts.

## Financial Planner:

This person may or may not be a wealth manager, and may or may not sell insurance. The chief criteria is that they understand how to develop projections for a successful retirement, and are aware of the various types of risk mitigation instruments (insurance) that could be used to ensure the successful completion of your plan.

There are a few other professionals who bring value if your plan warrants their participation.

## Business Broker or Investment Banker:

Depending on the size of your business, one of these intermediaries is a must if you plan to sell to a third party. Coordinating a transaction through listing, due diligence and closing usually takes more time than that spent by all of the other advisors combined. It is not a “do it yourself” activity.

## Business Appraiser or Valuation Specialist:

A professional who can deliver an objective, rational, defensible opinion of your company's value both for the purposes of the transaction and for documenting the logic of your tax treatment to the IRS.

## Business Growth Consultant:

A person who specializes in working with a management team to develop the skills necessary for assuming control of the business, and is practiced with objective measurements of an organization's success.



## Sooner or later, every business owner leaves his or her company.

You can choose to exit on your terms, or you can let the results of the biggest financial event of your lifetime be a surprise.

## Your Advisor

As a business owner, you have taken first step towards controlling your transition just by completing the Assessment. Your Advisor has received a copy of this summary report plus the 40-page Analysis for you to review together in your next meeting.

Your Advisor will help you examine your options for the transfer of your business. Developing a plan together will allow you to control the timing, process and proceeds of your ownership finale. Regardless, of whether you intend to implement soon or just want a guide for future business decisions, having a plan in place will keep you in control whenever the time comes to transition.

He or she has already decided to focus on helping business owners plan for the most important financial event of their lives. That combined with their own business experience and expertise qualifies them to act as a conductor for other professionals and lead the way to a final plan.

Your Advisor understands that the various professionals needed for a complete exit plan require coordination. Each must understand the complete picture, and how their services fit into an overall strategy. He or she uses this Assessment to gain an overview of your readiness to start the process, and prioritize the steps that will deliver the greatest benefit to you.

## Your Results

The Assessment calculates your readiness for transition in four key areas:

**Finance:** Your current state of preparedness in understanding business value and tax issues.

**Planning:** Your progress in preparing successors, emergency plans and a post-ownership vision.

**Revenue/Profit:** A look at how your business trends will appear to potential buyers and lenders.

**Operations:** The preparedness of your employees, systems and processes for new leadership.

Each functional category shows an overall preparedness score, as well as an estimate of the urgency and difficulty levels of needed improvement. Urgency factors are most influenced by the time frames to exit that you selected in the Assessment. Difficulty factors reflect the complexity of change, or the challenge of developing capabilities that currently don't exist.

## Your Time Frame

If you are planning to sell to a third party, the marketing and sales process usually takes between nine months and two years, after you've fully updated financial and systems documentation. For internal sales (employees, partners or family) the focus is usually on preparing successors to assume your management and ownership responsibilities. We recommend starting a plan at least three years prior to the date you expect to step back from daily responsibilities. Many owners start 5 or even 10 years before their final exit.

## What's Next?

Review your Assessment scores, and schedule a meeting with your Advisor to go over the 40-page Analysis report. It includes a detailed breakdown of all of the answers you provided to the questions in the Assessment to facilitate a deeper discussion of your transition readiness.

## KEY AREAS OF EXIT PREPAREDNESS



Finance



Planning

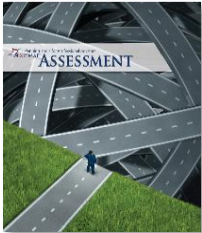


Revenue



Operations

## Next Steps



### Your Assessment:

The Assessment provides a Custom Summary Report focused on the readiness of an owner and his or her company, for succession implementation. The report breaks down the four key areas of preparedness: Finance, Planning, Profit/Revenue and Operations.



### The Debriefing

Setting up a meeting with your Advisor to review the Assessment and Analysis is a critical step in the ExitMap process. Professional Advisors use the ExitMap tools to identify areas with the greatest impact on the value and transferability of your business. They are committed to helping owners transition their businesses on their own terms, in their own time, and with the highest return achievable. Just a few years of advance planning can have a dramatic effect and radically change your lifestyle in retirement.



### What's Next?

Your Advisor has received the Analysis to share with you at your debriefing. The Analysis is a 40 page report with specific feedback on each of your responses. It provides your Advisor with a comprehensive look at the business beyond his or her specific area of professional expertise, so that no area of potential value enhancement is ignored.

Any transition, whether to family, employees or via a sale to a third party, will maximize your returns with planning and preparation. The Analysis includes a ToolBox suggestion for each of your responses.

Debriefings are available only through qualified ExitMap Affiliates.  
Contact the Affiliate who provided you with this Assessment for further details.



## About ExitMap®

ExitMap® is a suite of planning tools for professional Advisors who specialize in helping business owners transition to the next phase of their business and personal lives.

The Assessment and accompanying Advisor reports are created from your responses to the initial questionnaire, using five factors in a scoring algorithm. Each question and each response choice are separately weighted for relative importance, along with the difficulty involved in changing specific systems or processes, the amount of time such changes should take, and the owner's planned timeframe for the transition.

## The Legal Stuff

### Operational disclaimer (consult outside Advisors before making changes)

The ExitMap is intended as a guide to preparing business operations for a transition to successor ownership. It is best utilized with the assistance of a professional Advisor. Every ownership transition involves issues of taxation, legal documentation and financial planning. We strongly recommend discussing any plans with professionals qualified in these areas prior to implementation.

### Section 230 disclaimer (tax and legal advice)

Circular 230 Disclosure: Pursuant to U.S. Treasury Department Regulations, we are required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and may not be used, for the purpose of: (i) avoiding tax-related penalties under the Internal Revenue Code or; (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

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Congratulations, You've Taken the First Step on  
the Road to a Successful Transition!



## Exit Readiness Assessment

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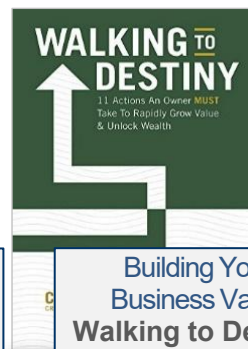
### Recommended Reading:



Successful Transfers  
in the Coming Market  
**Your Exit Map**  
by John F. Dini



Mid-Market Mergers  
and Aquisitions  
**Finish BIG**  
by Bo Burlingham



Building Your  
Business Value  
**Walking to Destiny**  
by Christopher M. Snider



Comprehensive Guide to  
the Exit Process  
**Exit Planning**  
by John H. Brown