



VALUCOMPASS

Help business owners understand their business
as an asset



FOUR OBJECTIVES FOR TODAY



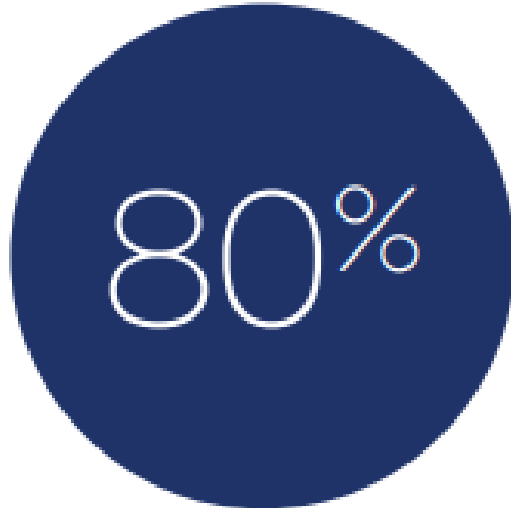
1. View the business as an asset
2. Review the ValuCompass tools
3. Learn & share best practices from LAN peers
4. Create an action plan to implement in your practice



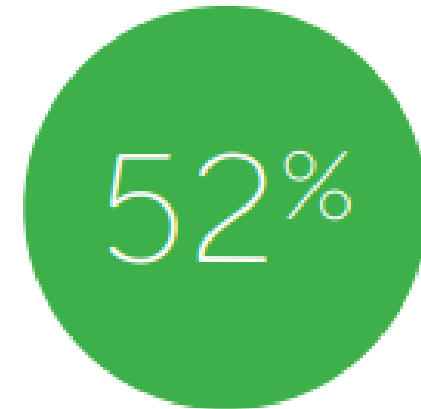
OWNERS PERSPECTIVE ON INTEGRATED PLANNING



YET



AND
STILL



Say business and personal
financial wellbeing
is interrelated

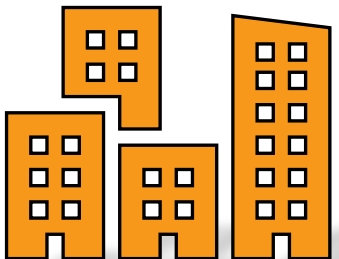
Prefer to separate
personal and business
financial planning

Say other than the income
generated, I don't think how
my business and personal
financial wellbeing
are related

THE BUSINESS IS AN ASSET, JUST LIKE THE OTHERS



20% of Net worth



Can produce income

Value is relatively easy to know

Current & future financial benefits

Tied to financial goals

Marketability easily understood

THE BUSINESS IS AN ASSET, JUST LIKE THE OTHERS



20% of Net worth



Can produce income

Value is not easy to know

Questionable future financial benefit

Not connected to financial goals

Marketability not understood



80% of Net worth



THE BUSINESS IS AN ASSET, JUST LIKE THE OTHERS



20% of Net worth



Can produce income

Value is relatively easy to know

Current & future financial benefits

Tied to financial goals

Marketability easily understood



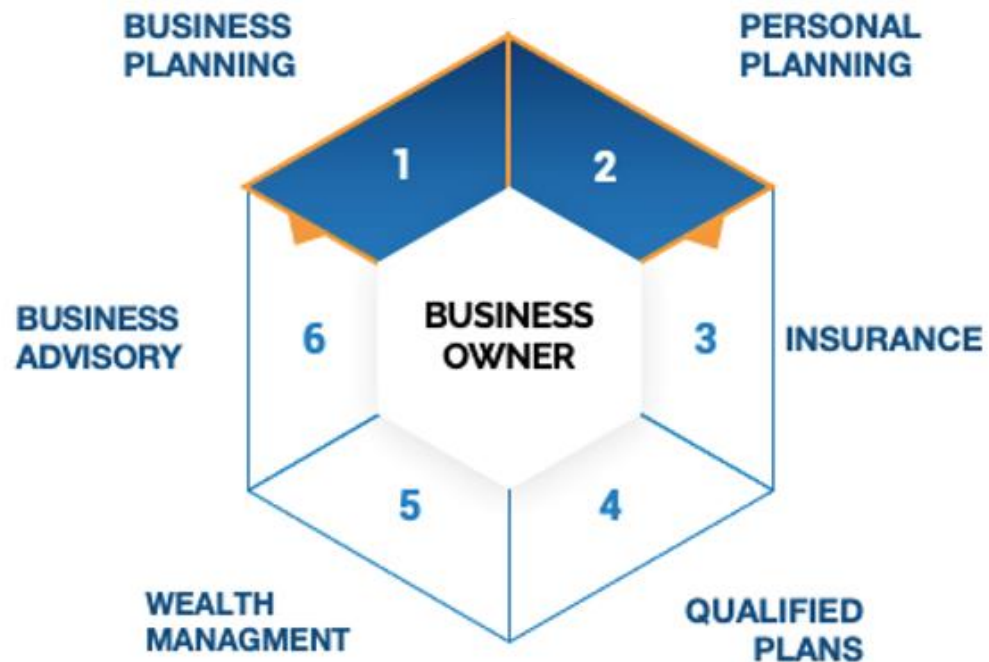
80% of Net worth



INTEGRATED PLANNING – AN OPPORTUNITY FOR ADVISORS



Business Owner's Needs



Opportunity for Wealth Advisors

- Owners are willing to budget 1% of asset value to evaluate, protect, and grow personal investments
- Owners need to budget 1% of business value to evaluate, protect, and grow their most important asset; their business
- Advisors provide services in their areas of expertise, refer or team for everything else

UNDERSTAND VALUE & MARKETABILITY



Discover Assessments

- 22 question assessment
- Evaluates business across 18 Value Drivers
- Delivers NACVA reviewed enterprise value, potential value, and value gap
- Highlights areas of focus for the business



CONNECT BUSINESS ASSET TO PERSONAL GOALS



Protect Assessments

- Highlights the business as an asset
- Connects the business to the owner's personal financial plan
- Identifies business and personal risk

Assets needed to Retire	\$9,740,000
Value of Business (@100%)	\$5,489,000
Value of Personal Assets	\$2,440,000
Retirement Asset Gap	(\$1,811,000)
Using the potential value of the business to meet your goals:	
Business Value Gap	\$3,455,000
Potential Retirement gap	\$1,644,000

Owner Red Flags:

- No key employee life insurance.
- No key employee disability insurance.
- No business overhead expense insurance.
- Buy-sell agreement last reviewed more than three years ago.
- Chosen successor not ready.

		In Force	Needed	Gap
Personal	Life	\$3.5M	\$9.74M	(\$6.24M)
	Disability	\$60K	\$180K	(\$120K)
Business	Loans			\$0
	Overhead Expense		Yes	
Buy-Sell	Life	\$4M	\$6.53M	(\$2.53M)
	Disability		\$10.3M	(\$10.3M)
Key Employee	Life	\$1M	\$4M	(\$3M)
	Disability		Yes	

A PLAN TO PROTECT THE OWNER & GROW THE BUSINESS



Roadmap Assessments

- Customized deliverable tool
- Combines recommendations from assessments with owner's goals
- Develops detailed action plans with dates to keep engagements on track

<u>Goal</u>	<u>Action Plan</u>	<u>Target Date</u>
Build a strong management team	Develop a team of leaders who removes the business owner's day-to-day involvement in the business	In 6 months
Grow my business	The current value of your business today is not sufficient to meet your personal financial needs. We will look to grow your assets outside of the business, we will also engage in a process to identify and execute on areas to grow your business value.	In 6 months
Plan for life after the business	With an exit timeline of five years, it is important to understand how you will spend your life after the business. We will introduce an expert in this area to begin the process.	In 6 months

MEASURABLE ACTION TASKS TO GROW THE BUSINESS



Grow Assessments

- Deeper dive into the 18 Value Drivers
- Identify specific areas of focus to recapture business value
- Leads to long-term planning engagement

2. Operations

Driver Gap: \$407K

Delivery Objectives

We could use some help with our objectives.

Delivery Process

We would have to spend some time teaching someone new.

Suppliers and Contracts

We have a few contracts.

Performance Metrics

We have a few metrics that we sometimes use.

Industry Standards

We do an OK job.

Delivery Objectives: 3

Delivery Process: 3

Suppliers and Contracts: 3

Performance Metrics: 4

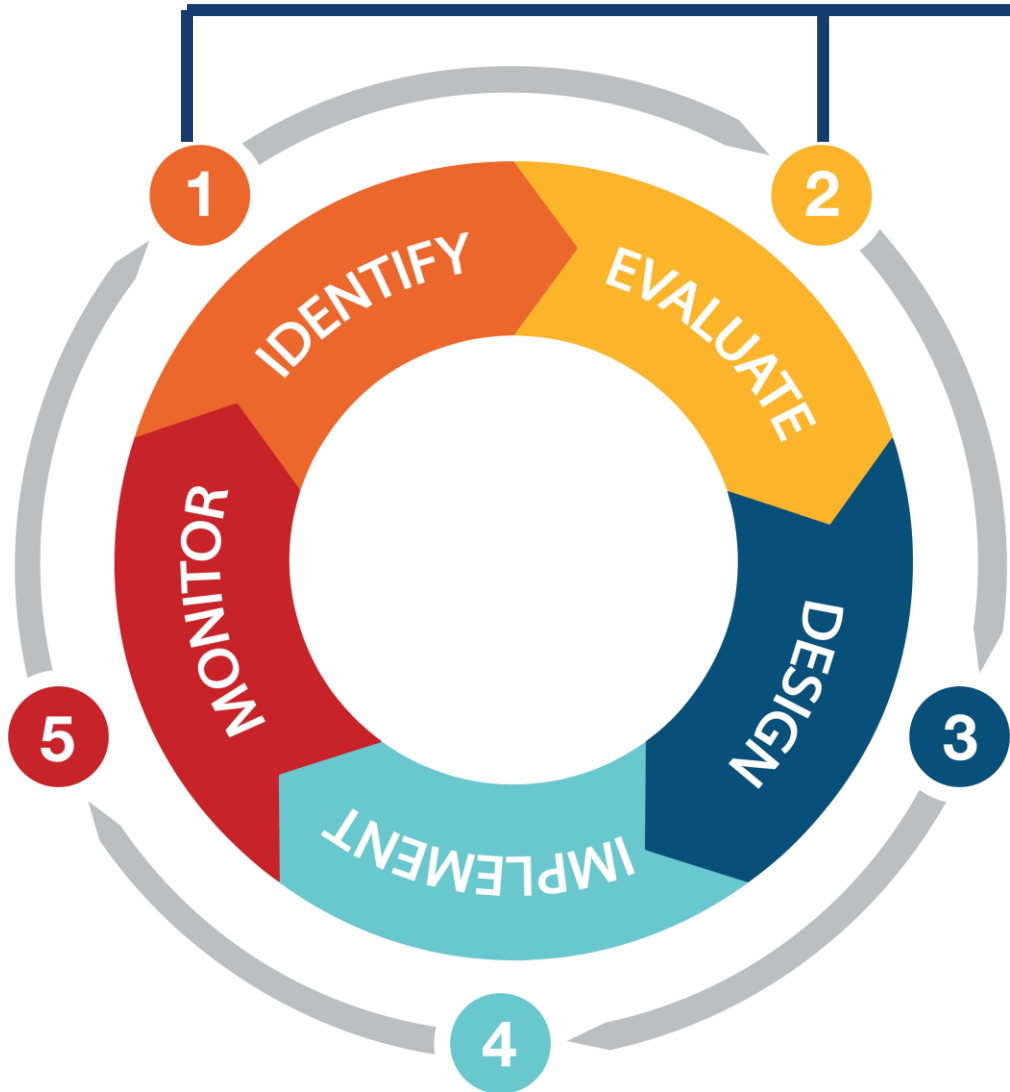
Industry Standards: 5



SHARE & LEARN



VALUCOMPASS TOOLS IN LAN PROCESS



1

2

Discover & Protect

Together, Discover & Protect will help identify the owner's goals and needs, as well as evaluate their current position both personally and in the business.

VALUCOMPASS TOOLS IN LAN PROCESS



3

Roadmap

The Roadmap tool will take what was learned through the first two stages and design a path forward with actionable tasks.

VALUCOMPASS TOOLS IN LAN PROCESS



4

Grow

Grow can be used at the implementation stage, when the owner is ready to engage at a deeper level and grow their business.



CREATING A PLAN

