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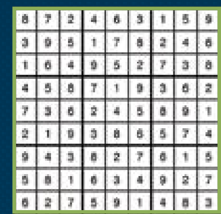
INSIDE



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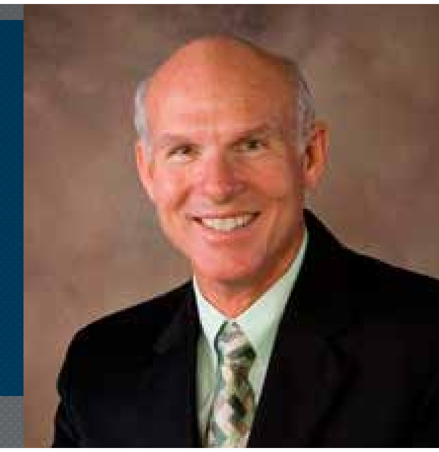


Terry Monroe

American Business Brokers & Advisors Founder & President

MERGERS & ACQUISITIONS SUCCESSION
& BUSINESS ADVISORY BUSINESS VALUATIONS

How Long Can a Family Business Last?

Ever since the pandemic started to lighten up in late 2020, my company, American Business Brokers & Advisors, has been extremely busy advising clients on what their businesses are worth in the present-day marketplace so they can decide if they should sell their business or not. Contrary to what people may think, we advise a lot of people *not* to sell their businesses. What we do, is provide timely information as to what the marketplace trends are and how those pertain to each specific business. I have always been a big believer in making sure one has the proper information first so they can make informed decisions.

Recently, out of curiosity, I asked myself why we were being busy representing clients who decided to exit the convenience store business. Of course, when the business is growing, and you are doing well, you'd like to think it was because of your talents and capabilities — when in reality, it's generally timing. This means being in the right place at the right time and recognizing you are in the right place at the right time.

After doing the research and reviewing the 20-plus years of selling businesses, I discovered the common factor as to why business owners decide to sell their businesses. The No. 1 reason is that family-owned businesses, regardless as to how successful the business had been, did not have heirs to run the business, a successor who wanted to continue business operations, or a relative who was capable of such a feat.

I gathered multiple stories over many years of a husband and wife, who started a business from scratch and created a successful chain of stores, tell me they sat down with their children before they called me and asked if they wanted to take over the business. The children either said they were not interested or that they didn't want to work as hard as their parents. I also had owners of successful convenience store chains look me in the eye and tell me it was a hard decision, but they knew their children did not have what it takes to keep the business running, so it felt like time to sell it, and either disburse some of the proceeds from the sale of the business, or create a family office with the proceeds which would allow the family to continue to work together but not in the convenience store business.

The moral of the story is contrary to what people think. Every business has a beginning and an end. Not all businesses are made to span multiple generations. Yes, I understand there are businesses out there that are second and third generation and are still going, but that is the minority of businesses — not the majority. Statistics show that only 30% of businesses make it to the second generation, 13% of businesses make it to the third generation, and only 3% make it to the fourth generation. This is where the "30-13-3" rule came from. Or as we like to say in the business "Thunder, blunder, under."

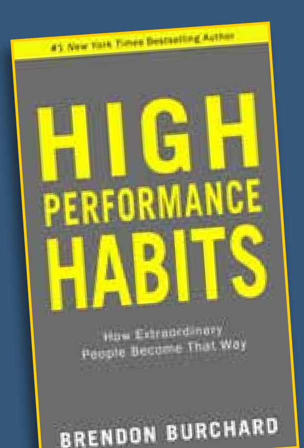
During my research for this article, I came upon something called the "Third Generation Curse" which states that according to the "third-generation rule," 70% of affluent families will have lost their wealth by the third generation. This economic adage addressing the longevity of multigenerational wealth has been well studied across cultures and professions. Even the fortunes of iconic families have fallen subject to this depletion of wealth. Cornelius Vanderbilt left the equivalent of billions of dollars in today's money to his heirs, but in three generations' time, as described in the book "Fortune's Children: The Fall of the House of Vanderbilt" by Arthur T. Vanderbilt II, that inheritance was exhausted and did not leave any of the Vanderbilt family among the world's richest.

So, be aware the odds are against you if you are trying to force a succession. Plus, don't feel bad if you don't have a successor to take over the business. As mentioned, all businesses have a beginning and an end, and your goal is to recognize when it is time to step away from the business a winner and not fall into the minority who are hoping the business will continue to be as successful, under someone else's direction, as it was when you operated it.

–Terry Monroe

UNLOCK YOUR 'HIGH PERFORMANCE HABITS'

And Gain Long-Term Business Success!



Did "Atomic Habits" by James Clear change your life in 2018? Was "Tiny Habits" by BJ Fogg one of your top books of 2019?

If you've read those two bestsellers, you're a step ahead of most entrepreneurs. But you might still be sleeping on one of the original books on the power of habits, which is packed with gems you can't find anywhere else: Brendon Burchard's 2017 read "High Performance Habits: How Extraordinary People Become That Way."

Brendon Burchard is a legend in the world of personal development coaching. Oprah.com called him "one of the most successful online trainers in history," and more than 2 million people have taken his online courses. But with the help of your local library, you can start learning his secrets to success without paying a cent.

In "High Performance Habits," Burchard recommends six specific habits that will help you reach your personal and business goals. He calls this the HP6 model.

1. Seek clarity.
2. Generate energy.
3. Raise necessity.
4. Increase productivity.
5. Develop influence.
6. Demonstrate courage.

As you can see, these aren't your basic healthy habits like "drink water" and "get eight hours of sleep"! Burchard calls the first three "personal habits" and the last three "social habits," and in the book he uses real-life examples to explain each habit. He also offers daily exercises that will help you form them.

It takes multiple keys to unlock each habit. For example, to demonstrate courage, Burchard says you must "share your truth and your ambitions" by telling someone about your goals every day. But that alone isn't enough. To truly form the habit, you also need to reframe struggle and zero in on someone worth fighting for — whether that's your team, your clients, or your children.

"High Performance Habits" is a business book, but it's also a personal development book. It will force you to dive deep into your strengths, weaknesses, and motivations to unlock your real high-performance potential. You can use it to fit more tasks into a day, increase your confidence, or become a better leader — whatever your business needs!

Pick up a copy today to see why Andrew Burns of Medium calls this "the epitome of a book that needs more than one read."

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Protect Your Digital Legacy

LEAVE BEHIND A PATH FOR YOUR LOVED ONES

When creating an estate plan, there are many assets to consider. Most people think about their homes, retirement accounts, and heirlooms, but one vital thing is often overlooked: their digital lives.

Today, so much of our personal lives are managed through digital accounts, and a username and password combination safeguards our activities and keeps our data secure. Two-factor authentication — a second step to logging in — keeps our data even more secure.

But what happens to this data after you pass? Will your family know how to access it and therefore log in to your most valuable accounts? How can you make sure the right people have access to your passwords and digital data without making yourself vulnerable? And is this necessary? Find out below!

Create a digital log. You must keep a record of all your digital profiles and login information for your loved ones before you pass. You'll help your family avoid having to jump through hoops with various companies just to retrieve your data after you're gone. Anything from the cable company to your bank login needs to be recorded. Then, be sure to tell your family this information exists and how to find it.

Use a password manager. Because passwords are necessary, companies have created password managers to keep all of your login information secure. But not all managers are alike. The most secure options are cloud-based managers, which allow access from any location, and those that require two-factor authentication, which may use a fingerprint or a code sent to the phone number on file. There are many password managers to choose from, so start by doing your own research. Wired recommends 1Password for those just starting out!

Talk to your attorney. If you opt out of using a password manager, an estate planning attorney can incorporate your digital logins into an estate plan. This will keep your data secure and accessible by those who need it after you pass. And even if you do utilize a password manager, it's wise to notify your estate planning attorney. They will become your family's go-to resource for guidance after you pass.

As with any action you take regarding your estate plan, consult with a professional you trust before making a decision.

SELLING YOUR BUSINESS?

When to Tell Your Employees

One question that comes up with every business I sell is when owners should tell employees that they're selling the business.

Knowing when to tell your employees is the hardest decision you'll make right after determining that it would be best to sell your business.

If you foster a transparent culture and you decide to sell, you'll start feeling like a cheating spouse, skulking around the office with a giant secret nobody knows about. The guilt may become paralyzing. You're normally transparent with your employees, and you might feel like you should share what's going on. But don't do it.

Yes, the morally "right" answer is to tell your team, but this is one of the biggest mistakes you can make in selling your business, because telling your employees you are considering selling is almost always a catastrophic mistake. Here is why.

Some deals fall apart. Some businesses on the market don't always sell. Some go even as far as a purchase agreement and then fall apart during due diligence. The last thing you want is to tell your employees only to have them panic for no reason.

Employees get rattled when they know you are selling. Your employees will have heard stories of people who got laid off when their employer sold the company. Yet, the reality is that most acquirers need your employees to remain so they can capture the value they are buying when they purchase your business. In most cases your employees' jobs are probably more secure following the acquisition.

If your sales or net profit begin to slide, expect your price to go down with it. If your employees are distracted, your business will likely suffer. If your net profit turns south during due diligence, prepare for a buyer to ask for a discount.

You may decide not to sell. A lot of times a seller will get into selling their business and then find out later it is not the best thing or the right time for them to sell — and they'll stop the sale. If you would have told your employees, it would have been a big distraction for them.

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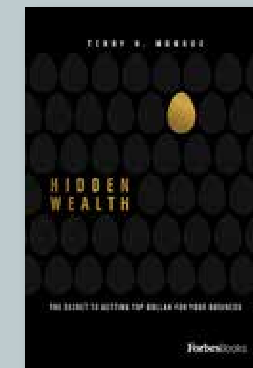
Get the Wisdom of Other Business Owners' Mistakes

FROM TERRY MONROE'S 'HIDDEN WEALTH'



Are you planning on selling your business in the next 1–2 years? If so, you need to start planning now. But where do you even start? Selling a business is a massive undertaking. With so many things to consider, some confusion is understandable, but if you don't get the right kind of help, you could end up selling your business for far less than top dollar and leave tens of thousands of dollars on the negotiating table.

These are the kinds of cautionary tales that market maker and four-time author Terry Monroe shares in "Hidden Wealth: The Secret to Getting Top Dollar for Your Business." While we'd like to hope we're accomplished and savvy enough to sell our business without any help, the uncomfortable truth is that tons of successful business owners have lost out on millions of dollars in selling their businesses — all because they didn't know exactly what they were doing.

Sometimes, contemplating the financial implications of selling your business and dealing with the strain and grief that comes with doing so are worse than actually selling the business. So, what then? Well, in Terry Monroe's "Hidden Wealth," you'll also learn how to realistically assess your situation, deal wisely with the business that you've built over the years, and maximize the money you'll receive when you decide to sell.

It has been said that we learn from our failures, not our successes, but the true sign of a successful individual is to learn from someone else's failures and not your own. "Hidden Wealth" seeks to do just that: give every business owner access to the lessons learned from the mistakes of other business owners so they can avoid the setbacks and reap all the rewards. Find out how you can get a copy today by emailing **Terry@terrymonroe.com**.

... continued from Page 2

There are two employee categories. The first category of employees is made up of those who are part of your senior management team: your chief financial officer, controller, HR director, and general manager. Chances are, this group of individuals will be the first people you will tell that you are selling the business. In my past experiences, I have learned it helps if you can have one or two people with whom you can trust and can maintain confidentiality once you are in the due diligence process. These people can be offered a bonus if they will stay either through or past the closing date.

The second category is made up of your rank-and-file employees who can be told shortly before the closing of the sale of the business or on the date of the closing of the sale of the business. Yes, the news at this late stage will ruffle some feathers and may damage some relationships, but in the end, it is worth the price of getting the deal done.

Overall, I have learned that unless you need a senior employee to help you provide the needed information to get the sale consummated, it is best to only share these details with a *minimal number of people.* Basically, your employees are in a need-to-know situation.

–Terry Monroe

Take a Break!

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WORD SEARCH

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BALLOON	FLAG	ROSE
BICYCLE	GRILL	WATERMELON
CHILDREN	MOONSTONE	WEDDING