



## Couple planning the sale of their privately owned company

### Situation

An existing Wealth Dimensions client couple (husband and wife) in their late 50s were the sole owners of a privately held manufacturing company that generated annual sales of more than \$40 million. They started the business 20 years ago after short stints in the corporate world.

They had been Wealth Dimensions clients for more than 10 years, and the firm managed approximately \$2 million of the couple's assets. The firm also advised on the company's retirement plan.

Over the years, the owners had received several unsolicited offers for the business, which they had rebuffed. They loved their business and never thought a life without it was possible. However, realizing that they might be fortunate enough to make a positive impact within their community and help those important to them, they decided to more seriously pursue selling the business.

Uncertain what to expect and plan for when selling a business, they asked Wealth Dimensions to help them better understand

- The value of their business,
- How to create a realistic timeline for a potential sale,
- How to structure a tax-efficient transaction/minimize taxes,
- What their financial life would look like after a major liquidity event, and
- What type of positive impact they could make on others.

### Approach

As a first step, Wealth Dimensions coordinated an independent third-party valuation of the business. We then met with the couple's accountant to run what-if scenarios for the after-tax proceeds based on various terms of a potential deal. This activity helped the couple and Wealth Dimensions more clearly understand the financial magnitude of the liquidity event.

For Wealth Dimensions, these nuts-and-bolts activities are a critical part of pre-sale planning for any privately held business. However, the hard work for this couple, as for all potential business owners considering a sale of their entity, was embarking on a deep discovery to clarify and articulate goals and priorities for the life they envisioned leading after the sale of their business.

These discovery conversations, led by Wealth Dimensions, occurred in many meetings over a period of several months. During this time, Wealth Dimensions wanted the couple to

- Carefully think through whether they truly wanted to let go of their business,
- Agree on what their priorities would be going forward, and
- Practice being in retirement. This meant each partner took a month off from working to experience life without the business, the employees, and their customers, and to see how they felt not using their current talents and explore how they would fill their newfound free time.

## Outcome

These conversations with Wealth Dimensions helped the couple realize that they could make a greater impact with those they cared for as well as causes important to them by selling the business.

Not only that, but the conversations and practice retirement period awakened the couple to ways they could add more color to their lives by pursuing hobbies, spending time with friends and family, and freeing themselves from the day-to-day worries they experienced as business owners.

Given the decision, Wealth Dimensions then acted as the financial quarterback for the sale of the business in several ways:

- Coordinated an independent third-party valuation that provided a meaningfully higher estimate for the value of the business than the previous unsolicited offers.
- Worked with the couple's tax accountant and tax attorney to determine potential ways to structure a future sale.
- Developed a two-year timeline for the sale.
- Continued to engage the couple in meaningful discussions about managing their wealth and planning their legacy upon completion of the liquidity event.

Without the services and support from Wealth Dimensions, the couple could have easily sold their business below its true value and might not have been prepared to maximize the potential after-tax benefit from a future liquidity event.

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