



GOLD

FAMILY WEALTH
ENTREPRENEURIAL GOLD
Strategies and Insights for Success In Business

How Much Is Success Worth to You?

Running a successful business requires incredible amounts of effort, ingenuity, and capital. And when it comes to planning for the business' future—both with and without the owner—many business owners ask, “What will this cost me?” Let's look at the difference between the price of planning, and the costs of shooting from the hip.

Understanding the price of planning

It's impossible to give a hard price for planning without knowing the nuances of your personal and professional situation. So, let's recall the three most important goals that planning for a successful future pursues:

1. Financial independence
2. Leaving the business on your terms (even if those terms include “dying at your desk”)
3. Aspirational goals (e.g., creating generational wealth, donating to charity, etc.)

Achieving these goals isn't something that “just happens.” It requires discipline, candidness, and a team of experts who can create strategies that best pursue those goals within the context of your wants and needs, both personally and professionally.

However, we can say with confidence that the upfront price of planning is often vastly lower than the price of not planning, for one huge reason.

You know what they say about assumptions . . .

One of the hardest hurdles for business owners to overcome is accurately determining how much money they'll need to achieve these goals. In fact, many owners are shocked to realize that they have an Asset Gap.



**Michael Gold Founder and CEO, Wealth
Advisor**

mgold@goldfamilywealth.com

Gold Family Wealth, LLC

55 Post Rd W

Suite 218

Westport, CT 06880

646-844-2533

An Asset Gap is the difference between what you currently have and what you will eventually need to achieve each of your goals. Many, many business owners assume they have more than they really do, that their businesses are worth more than they really are, and that they'll need less than they really will once they inevitably leave their business.

The price of not having enough money for financial independence once you inevitably leave your business can be devastating. For instance, you may not have enough to live the life you want, or you may be forced to go back to work.

Fortunately, the Asset Gap is one of the first things that planning for a successful future reveals and addresses. Your Advisor Team will ask you candid questions about your goals, then commit to researching what it takes to achieve them.

Then, they compare what you need and want against what you have, using objective measurements from appropriate experts (e.g., tax professionals, business valuers).

Finally, they create plans based on facts, rather than assumptions, to help you close any Asset Gaps you have in pursuit of your three overarching goals.

How can I know planning is worth the price?

Planning does indeed cost time and money. However, you should consider a few questions about the alternative of not planning:

- How much would it cost you to base your business' future on assumptions over facts?
- What would it feel like to have to sell your business for less than maximum value or to someone you'd rather not sell to, just to stay financially solvent?
- Would you rather have more control over your future or hand the reins to fate?

It's tragically common for business owners to underestimate how challenging planning for a successful future can be. Fortunately, a strong Advisor Team can take the glut of planning off your plate, which can save you time. A strong Advisor Team also looks for ways to create plans that are effective and cost-efficient.

How much is success worth?

Consider one final example when asking yourself, "Is this worth it?"

Say that to achieve financial independence, you plan to one day sell your business to a third-party buyer. Successful third-party sales require accurate business valuations.

Hiring a business valuator may cost \$5,000 upfront, but it will give you an accurate valuation. Not hiring a valuator means you enter negotiations with little more than a guess about how much your company is worth.

If you think the company is worth \$5 million (because that's what you think you need to retire comfortably), but the most generous buyer's valuation puts the value at \$3 million, you have three options:

1. Sell for less than you need for a comfortable retirement
2. Pull the company out of the market, which can perpetually devalue your business
3. Work for longer than you wanted to, to try to build that value

In any case, the cost to you could be much more than \$5,000.

We strive to help business owners identify and prioritize their objectives with respect to their businesses, their employees, and their families. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

The information contained in this article is general in nature and is not legal, tax or financial advice. For information regarding your particular situation, contact an attorney or a tax or financial professional. The information in this newsletter is provided with the understanding that it does not render legal, accounting, tax or financial advice. In specific cases, clients should consult their legal, accounting, tax or financial professional. This article is not intended to give advice or to represent our firm as being qualified to give advice in all areas of professional services. Exit Planning is a discipline that typically requires the collaboration of multiple professional advisors. To the extent that our firm does not have the expertise required on a particular matter, we will always work closely with you to help you gain access to the resources and professional advice that you need.

This is an opt-in newsletter published by Business Enterprise Institute, Inc., and presented to you by our firm. We appreciate your interest.

Any examples provided are hypothetical and for illustrative purposes only. Examples include fictitious names and do not represent any particular person or entity.

This content is for general information only and is not intended to provide specific advice, and endorsement or recommendations for any individual. Past performance is no guarantee of future results. All indices are unmanaged and may not be invested into directly. Investing involves risk, including possible loss of principal. No strategy assures success or protects against loss. To determine what is appropriate for you, consult a qualified professional.

Investment advisory services offered through CWM, LLC, an SEC Registered Investment Advisor. Carson Partners, a division of CWM, LLC, is a nationwide partnership of advisors.

©2023 Business Enterprise Institute, Inc. All rights reserved.