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BUSINESS SUCCESSION

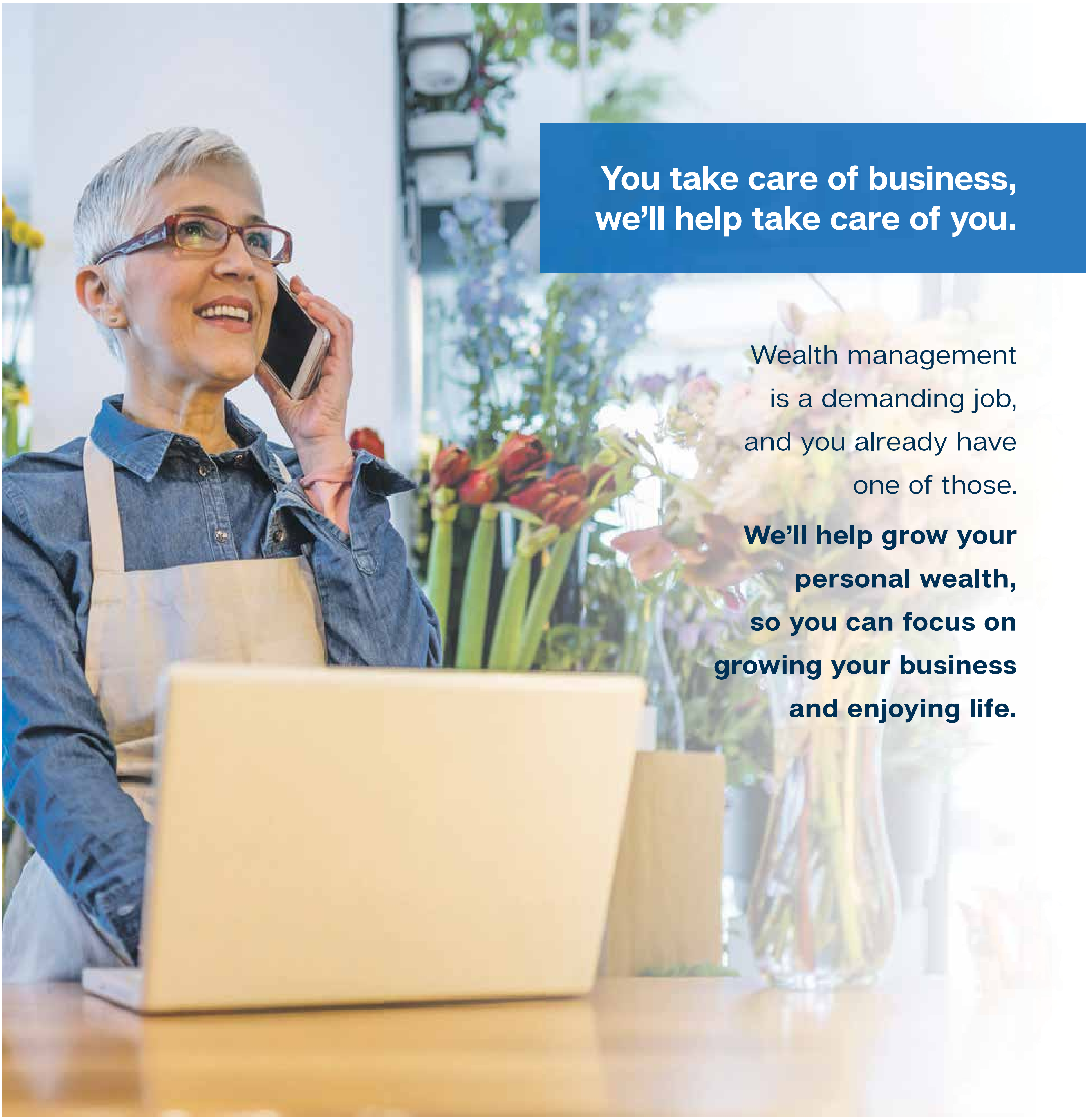
FORUM DISCUSSION

CAROL BUTLER
President,
Goering Center for
Family & Private Business

JASON KATZ
Wealth Advisor & Principal,
Bartlett Wealth
Management

DINO LUCARELLI
Managing Director,
Capital Tactics Inc.

SONYA JINDAL TORK
Partner,
Taft Law



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BUSINESS SUCCESSION

The Cincinnati Business Courier recently sat down with four of Cincinnati's top business advisors to talk about the trends and what's happening in the market. Publisher Jamie Smith moderated the panel, and the discussion covered a variety of topics. Read on as we hear from Carol Butler, president, Goering Center for Family and Private Business, Jason Katz, wealth advisor and principal, Bartlett Wealth Management, Dino Lucarelli, managing director of Capital Tactics Inc. and Sonya Jindal Tork, partner, Taft Law

Good morning and welcome. Hello, I'm Jamie Smith, the publisher and president of the Cincinnati Business Courier. I want to welcome you to our Business Succession Planning Forum. Today, you are going to hear a lot of excellent information from our great panel. I recently read that about 30 percent of family businesses ever make it to the second generation. Ten or 15 percent of them make it to the third generation, and only three to five percent of them make it to the fourth. It did, however, say that many of those are sold or merged into other businesses, so they are not complete failures, they just haven't gone through the family transition. Additionally, according to the Conway Center for Family Business, 40 percent of family business owners expect to retire at some point, but of those that are planning to retire in less than five years, less than half of them have selected a successor, which I think is an interesting point. So, whether retirement is 30 years away, just over the horizon, or it's not in your game plan at all, I think a succession plan is vital to ensuring the continued success of your business. So, I hope today from our panel, we are going to find out a lot of these helpful tips and hear about some of the types of plans you should have, and what we should be ready for.

I don't want to go any further without thanking our event sponsors today – Bartlett Wealth Management, Capital Tactics Inc., The Goering Center for Private and Family Business, and Taft Law.

Now if you would, please welcome our panelists this morning, and when I introduce you, if each panelist would just give a brief, self-introduction, and we'll begin the program with questions. First to the screen, I'd like to bring in Carol Butler, president, of the Goering Center for Family and Private Business.

CAROL BUTLER: Great, thank you, Jamie. It's always a pleasure to meet with you and to have this august audience out here in our virtual space, today. It's an honor to talk about family and private businesses, and of course, it's what we do hear at the Goering Center. We are North America's largest university-based program of our kind, and we have over 400, closely held, family and private businesses that we work with. We are 32 years in the making, - John Goering had great vision when he started this organization, and we continue forward, honoring his legacy. The Center's mission is all about nurturing and educating family and private businesses to drive a vibrant economy. I was fortunate to have roots in family business a long time ago, then I went the corporate path for 31 years with International Paper. Then, in 2013 I became a volunteer here at the Goering Center, and I always joke with people, saying, 'be careful what you volunteer for, because this could happen to you.' So, thanks for having us here today.

COURIER: Absolutely. I know it was sad we lost John this past year, but I don't think you'd ever find a man more passionate about helping family and private businesses than John Goering, and his legacy will live on for a long time. So, thank you for carrying that on. Next up is Jason Katz. Jason Katz is CFP, CPA and CEPA. He is a wealth advisor and principal at Bartlett Wealth Management. Welcome, Jason.

JASON KATZ: I'm Jason Katz. Again, I'm a wealth advisor and principal at Bartlett Wealth Management. We are a wealth advisory firm. We are based here in Cincinnati with offices in Cincinnati as well as Chicago, and I serve current and former business owners, specifically specializing in income tax, and estate tax strategies. Ultimately, I work to help my clients understand their full financial pictures and help them to achieve their financial goals I appreciate the opportunity and look forward to the discussion.

COURIER: Excellent. Thanks for joining us, Jason. Next up is Dino Lucarelli, managing director of Capital Tactics Inc.

DINO LUCARELLI: Welcome to all the attendees. I'm pleased to be able to address this group and share some of the information that we've garnered over the last 40 years of business. By way of introduction, I spent the first 20 years of my career in very large organizations here in the Cincinnati market, including Federated Department Stores, Kao Brands, and Sun Chemical. For the last 20 years, I've been heavily focused on assisting businesses going through transition, whether it's a buy, a sell, a capital raise or a makeover, and recently, we founded Capital Tactics Inc., whose mission is essentially to assist companies going through those transitions – buys, sells as well as capital raises. The point I would like to make to this group is buying or selling a company doesn't start the day you put a stake in the ground and say let's go find something or let's sell something. It starts well in advance, and I think in this panel discussion we'll address some of the things that sellers need to do from a succession plan perspective to optimize their value.

COURIER: Excellent. Thank you. You bring up some very valid points from the start, so I can't wait to get into that. Last but not least, we have Sonya Jindal Tork with us. Sonya is a partner at Taft Law.

SONYA JINDAL TORK: Thanks, Jamie. I'm excited to be here and thank you for having me as part of today's discussion. I'm a partner at Taft Law, which is a full-service law firm with offices in Ohio, Kentucky, Indiana, Minnesota and Chicago. I'm a Cincinnati native and I've been with Taft Law for 14 years. I focus my practice in all aspects of tax, estate, and charitable planning, and I also do quite a bit of tax controversy work and represent clients in IRS audits and examinations. So, thank you again for having me and I'm looking forward to the discussion.

COURIER: Excellent. I want to thank you all in advance for bringing your expertise and knowledge in this area. We are going to get started and Jason, I'm going to pick on you first. Dino, led in with this when he said you shouldn't wait until you're ready to sell to start the succussion, so when should a business owner start thinking about planning for succession? Is there a magic time?

KATZ: I think the short answer is as soon as possible, so Dino hit the nail on the head. It's really trying to understand what are the ultimate goals of the business, and understanding that businesses do have a life cycle, and understanding, and thinking about what is the ultimate goal for this business? Is it to transition it to a family member? Is it to transition it to your management team, or even a third-party sale, and the sooner you understand that the future value of your business is really related to its ability to function without you as the business owner, the better you can prepare for the future. So, it's kind of a backwards thing to think about, but once you understand that and you have that management succession in place, you can't start soon enough.

COURIER: Dino, since you threw this question at us in your introduction, do you want to add to that?

LUCARELLI: Sure, Jamie. Some of the things, specifically, that business owners need to consider prior to going to sale are s my organization ready? Do I have the right management team? Do I have customer issues? Do I have vendor concerns? Is my plant equipment up to speed? Buyers do not want to walk into a house that is a mess. They want to walk into an organization that has a robust management team, strong plant equipment, good IT infrastructure, a diversified customer base and happy associates. So, when you go through a checklist of things, which we do, you oftentimes find some of those holes in the organization that you want to shore up in advance. It's hard to do it on the fly, once you're for sale, and if those holes are found by buyers, you're looking at a discount. That's not the optimal situation for business owners.

COURIER: Okay, great. Carol, I know oftentimes with family business, it may be assumed, or it may be that some day this is going to be the son or daughters', or niece or nephew, or grandchildren's business, do you see that there is a plan, often, with family businesses? Or do you see them start soon enough is the question I'm really asking?

BUTLER: Well Jamie, there are two thoughts about that. They always talk about when's the best time to plan to plant a tree, and it's 20 years ago, and what's the second-best time? Now. So, some people believe you really ought to begin thinking about where you want this business to go from the day you start it up. So, I think some families, no surprise, are well thought out, and have things well planned, and they've been talking at the dinner table for years and years. Kids worked in the family business, and they had a chance to go work for somebody else and come back. There's sometimes a long planning pro-

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cess, where in their family charter, they even have the rules about if you want to work here, you have to go somewhere else, get promoted, and then be able to come back and go through the interview process to be considered for a role. So, it's the idea that there's no sense of entitlement. For other companies, they see it very clearly - the succession is going to be about my children. The hard surprise, sometimes, is when the kids aren't sure that's what they really want to do. We find when we have these families in Next Generation Institute, sometimes at the beginning of the program, a son or a daughter may say, 'I'm absolutely all in,' and at the end change their mind, and vice versa happens as well, where they're not so sure about it and then they start to get into the intricacies, the excitement, and they see the other families, and their businesses, and they come in to wanting to be part of the future. So, it can be all over the board, but the more you can have great conversations, early on, about everybody's interests, that's the wonderful opportunity.

COURIER: Right. I love that answer, 20 years ago, and if you didn't do it 20 years ago, start it today. That's great. Dino, I want to jump back to you. Oftentimes, business owners receive unsolicited inquiries and calls about people that want to become buyers of their organization. What is the best way for an owner to decide if it's real or not? What should they be looking at?

LUCARELLI: Today's world is so easy to poach anybody else as we know. You want to know the credentials of prospects, and whoever is reaching out to you. When a typical business owner gets an inquiry from someone they don't know, the first thing I would ask is give me your background. Who are you? Why are you reaching out? Are you reaching out for yourself? And the second thing I'd ask really fast is show me something that demonstrates that you have the financial wherewithal to do a deal. Like a financial statement, or a copy of your bank statement. That sounds aggressive, but it's very aggressive for businesses to reach into other businesses unsolicited. So, if you don't feel comfortable doing that, then, obviously, there's people like lawyers and advisors, like ourselves, that we run the front game for business owners, so that we find out about the credentials and validate a prospective buyer. It's not uncommon at all for us to ask prospective buyers to demonstrate their financial wherewithal through looking at their financials, balance sheets, audited financials, and any other deep documentation. That's the right way to go. You want to be very careful. A charlatan may be posing, who may be a competitor, or somebody wanting to get into the business, using that information for their own benefit, having no intention of wanting to buy your company.

COURIER: Sonya, I'm going to jump over to you. Is there anything when you're representing clients that you think are the dos and don'ts for somebody? Maybe they're not even considering selling, but all the sudden, they get that call from an interested buyer that's throwing some big dollar signs around.

JINDAL TORK: Yes. I think when you get that call, it's important to think about it from a tax planning perspective, how that's going to work, and what tax consideration should be taken into account, and make sure you have all your advisors together, early on, to ensure you're thinking through whether a sale now makes sense from a tax perspective, or are there going to be changes on the horizon with tax legislation, or inflation? Should I wait? And you can work with your financial advisors and other advisors to do some modeling, and think about whether a sale now, or waiting makes sense.

COURIER: Yeah. I have to think that there are so many elements that go into it, especially in Dino's situation where they may not have even thought about selling. It's kind of like that beautiful house in the housing market that we have today, where somebody knocks on your door, and says, 'hey, I want to buy your house.' Well, I never even thought about it, so you haven't looked at anything. So, that's great advice from you, Sonya. Jason let's talk about a little bit about personal financial and succession planning mistakes that you see small businesses making.

KATZ: I think the first thing that we see is the business owner waiting until they have a letter of intent in hand, before they start to think about the planning in and of itself, and how that business transaction fits into their total wealth picture. As Sonya alluded to, there's plenty of tax strategies that can be employed, but the vast majority of them have to happen before a letter of intent is signed. So, putting together a comprehensive financial plan ahead of time, and really understanding how do you define success? So, it's not just about what's the number that you're going to get. That's important, but how else do you define success? What does life look like after the business exit for you, and what are the other non-financial aspects? So, not really understanding or being intentional about that planning beforehand is one of the most common mistakes. I think the other one that comes to mind is really having the right team in place. So, typically, we all think about the current team that's in place and saying the team that got me there might be the team that can take me across the finish line, and maybe that is true, and maybe, it's not. The thing to remember is that this is likely the largest transaction of the business owner's lifetime. So, being intentional, seeking out great advice and great advisors, and putting that team together, who works together on your behalf to put together these strategies and really understand your goals, and how we can employ those strategies to achieve that.

Carol Butler

President, Goering Center for Family & Private Business

Carol Butler is president of the Goering Center for Family and Private Business, North America's largest university based educational center serving more than 400 closely held businesses. The Center's mission is to nurture and educate family and private businesses to drive a vibrant economy. Members receive real-world insights that enlighten, strengthen and prolong family and private business success.

Carol is a former Fortune 500 Executive with 30 years of experience successfully leading profitable, global businesses within the manufacturing and distribution industries. As she stepped into her second act – management consulting, executive coaching and board service – she also became a volunteer at the Goering Center. This volunteer experience transitioned to her current role as president of the non-profit organization that is affiliated with the Lindner College of Business at the University of Cincinnati where she has also served as an adjunct professor. Carol - having grown up in a family business – is dedicated to making a distinct difference in the success of the family and private business member companies and in the Greater Cincinnati region. Carol serves on the Life Learning Center Board along with 3 for profit boards – Wright Brothers Global Gas, R B Tool & Manufacturing and New Riff Distillery. She is a member of the National Association of Corporate Directors.

COURIER: Excellent. Carol, oftentimes, when you're talking about business succession, it can be a fraught experience. What would you say is the most effective way to have those tough conversations? As you mentioned, sometimes a child or grandchild may go into it thinking they want to be part of the business, and sometimes, they think they may not. What's the best way to have that discussion?

BUTLER: We talk about communication and trust being two critical components of how this whole process can work really well or not work well. When we do the analysis and say what's the number one reason that businesses don't successfully go forward it isn't about lacking strategic plan or not having a capital plan, or even where the next hiring opportunity is, it's a lack of communication and trust. Hence, the idea of communication is so important. We weave it into a lot of the programs that we do, and one of the quotes I always like to share is from George Bernard Shaw, "That the greatest problem of communication is the illusion that it has been accomplished." I find in families, you hear what you want to hear, but you don't hear the whole thing, and that goes both ways. That can be the first generation, second or third. So, just trying to open up and have tough conversations starts with listening and that is the most powerful thing and the sincerest form of respect for each other. Sometimes, you have to give up the need to be right, and so often family dynamics, where somebody's been the parent all the time, now they have to look at these generational kids coming up who could be their heir apparent to running the business, so the ability to be able to treat them with respect and allow those next generation, or wherever the family member is coming from - it could be a cousin, niece or nephew, - to really listen. Sometimes, when you let go of the need to be right, you learn something. We've talked about reverse mentoring in a lot of situations. We can learn a lot from those who are younger than us, whether we are related to them or not. Then, focus on finding ways to improve the things that are in the way, and I think it's a long journey. It's a long planning cycle, so find the right opportunities to have conversations, and schedule some regular meetings. You've heard Jonathan Theders, of RiskSOURCE talk about how he and his dad, through their transition process started having 6 a.m. breakfasts on Wednesday mornings. At first, he shared that Rick said, 'you don't know anything about this business.' We'll meet again next week, and maybe you'll be a little smarter next week, and then finally it was like, 'you actually do know something, and you're coming along.' Then, he became president, and after a while it was like, 'you've got

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"Don't be afraid to interview, and interview hard, to get the right people who can come in and help you, - they can be significant on the trajectory of the future. "

CAROL BUTLER

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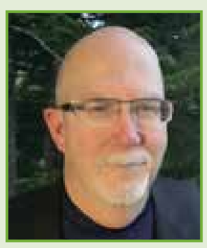
DINO LUCARELLI, CPA
Managing Director
Dino@captacs.com

LISA BENZINGER, CPA
Senior Advisor
Lisa@captacs.com

GREG BECK, MBA
Senior Advisor
Greg@captacs.com



JAY SWEENEY, MBA
Director, Accounting Services
Jay@captacs.com

CONTACT US (859) 250-4140

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it, you know more than I do, and now you should be CEO.' They recently shared that they had their one thousandth breakfast meeting and they're continuing to do so along into Rick's retirement. What a wonderful way to work through the succession planning process. Sometimes, they say it's 90 percent about the business and sometimes it's 90 percent family or personal, but the dialogue that starts with that journey and the intention of listening and giving audience and being willing to just hear what that next generation may be all about. I think it's a wonderful gift, and just to be able to stay focused and be able to do reflective listening making sure you understand before you need to be understood. I could go on and on, on this topic, as you can tell. Communication, we think it's so easy, but it's really complicated at times. It's one of those simple, complicated things, and I do find in some of these situations, if you can stick with fairly powerful questions like 'what is it that you're thinking about?' and 'what is it that you want to do?' you stay away from seeming judgmental or questioning their why. So that's what I would encourage people to do, its constant communication, and if you do that well, you're going to stay out of conflict, or at least be able to get it early in the process before it gets to be an issue.

COURIER: Excellent. Dino, can you add to that question?

LUCARELLI: I'm a little intimidated to follow that, but one of the things that we see happening more and more for family businesses is the creation of advisory boards, and if you take a cue from the public company market, where the SEC compels public companies to have a significant number of outside advisors on their official board. We have worked with a number of companies to help them bring in outsiders, independent outsiders, because if you think about the family dynamic, a father-son, a father-daughter, or a mother-son, and all of the things that get wrapped into that conversation having to do with the personal life, business life, and money; and oftentimes, what gets clouded is the truth or the reality. We have worked closely with a number of businesses to help them establish advisory boards and bring in outsiders who are essentially, independent. In one case, recently, we had a young, smart, tough-minded CEO who was a successor, but a little impetuous, and the father was very careful not to step on him, too much, but what we really needed was a third-party advisor to say, 'look, wait a minute, let's level-set this'. So, I think one of the ways, and we've seen this happen, that we can mitigate some of this consternation, or gnashing of teeth, so to speak in the family dynamic is to bring in outsiders and put a board together that has an agenda and has a meaningful set of responsibilities.

COURIER: Great. We are going to talk a little bit more about that in some of future questions and I think that's great advice. Jason, I'm going to jump back to you, and talk about if you're planning to sell your business in a few years, maybe not immediately, but in a few years, is it worthwhile and necessary to take a deep dive into your personal wealth plan and how that sale would affect it?

KATZ: Absolutely, and we touched on this a little bit earlier, but it's really doing that at the outset, looking at your full financial picture and how does the business currently play into that, and then, how does the business transition, whether that be to family member or a third party, how does that play into the total wealth picture, and how does it really effect these three areas – your lifestyle goals, your charitable goals and your legacy goals? And there are certainly several strategies that you can employ at the outset, before any kind of transition to help achieve those goals. So, that total wealth plan really dives into the financial aspects of the transition, but it's also important to consider the non-financial aspects. Carol touched on communication, being open and talking about some of these non-financial aspects of a business transition, where you have these business owners, who have spent their whole lives building this enterprise, and we are talking about transitioning that either to a family member, or maybe even to a third party, and really reidentifying, what is their identity and what does life look like after the sale. So, that is part of that full plan. There are certainly tax strategies, and getting the right people involved, like attorney's and cpa's, and modeling things out are super important, but the non-financial aspect of this is also important. It's something that I would stress.

COURIER: Excellent. Sonya, the business owner may be ready to make that transition, and set up for financial success in the future, but maybe he or she might not be quite ready to let go of the business. Can a business owner transfer ownership, yet still maintain control of the business?

JINDAL TORK: Yes, absolutely. One of the most common barriers to succession planning that we commonly see is owners struggling with not wanting to give up control, and others have touched on this, but this is something you perhaps have built from the ground up, or have nurtured for many years. So, inherently, it makes sense that it's hard to give up control. And control can come in different aspects. It might be from not wanting to give up decision making control, or a fear of losing access to assets, or perhaps, income generated from the business. If the fear relates to giving up managerial and decision-making control, one option it to recapitalize the company into voting and non-voting interests and this allows the owner to retain control of the interest in the business through the voting units, and then, they can begin transferring, or gifting economic interests in the business to the next generation with the non-voting units. Another option is to create a family LLC or a family limited partnership and transfer business interests into the LLC. Again, the entity would have two classes of owners, non-voting members and voting members, and the owner could make gifts of some of the non-voting interests to their children or their grandchildren, or a trust that would be for the benefit of them. And besides having the benefit of not giving up control, one of the tax benefits is the growth and appreciation in the business interests contributed to the LLC are not subject to estate tax, and the interests that are gifted can also qualify for discounts for tax purposes, which in effect reduce the overall amount of lifetime tax exemptions that you're using, and it also allows you to teach the younger generation about the business, and consolidate the management of the business into one entity.

COURIER: There's a lot of options there. Dino, I know in Cincinnati, it seems like over the last couple of years, specifically, we've heard a lot about the ESOP plan, the employee stock ownership plan, does it make sense to be a part of these succession plans?

LUCARELLI: It absolutely can be in the right circumstances. There are a number of criteria that would go into that kind of conversation, but an ESOP affords substantial tax benefits to the seller. It also affords the on-going entity the opportunity to have the substantial tax opportunities. Further, and much more operationally, an ESOP is a tremendous recruiting tool for an organization, with talent being so scarce, and the best talent being in such great demand, when we can offer equity from a great company that has done an ESOP, an opportunity for a new hire, whether it's an entry level person or a significant executive level position, an offer of equity is a huge opportunity and benefit to the company. So, yes, ESOPs are becoming more and more prevalent, and very specialized, and a lot of people have a misconception that they're prohibitively costly. They can be costly, at certain levels, but they are also many, many, many reasons why an ESOP might make sense for a succession plan.

COURIER: Excellent. Thank you. Carol, Dino brought this up before when we were talking about boards. How important do you think it is to have a board of advisors, or a board of directors, and can you give us a quick explanation? Is there a difference between the two?

BUTLER: It's one of my favorite topics, actually. I think Dino did a good job, so we can launch right into it. We consider having a board one of the best practices of successful family and privately held businesses. Oftentimes, we encourage folks to think about a board of advisors first, which is really based on a

Jason Katz

Wealth Advisor & Principal, Bartlett Wealth Management

Jason Katz, CFP®, CPA, CEPA, is a Wealth Advisor and Principal at Bartlett Wealth Management. He provides strategic income tax planning, estate planning and other comprehensive wealth planning services to individuals and their families. Jason is a Certified Financial Planner, a licensed Certified Public Accountant in Ohio and Illinois and a Certified Exit Planning Advisor. Jason received his Bachelor of Science from Indiana University with Honors Distinction in Accounting and Finance.

Before joining Bartlett, Jason spent over seven years providing comprehensive financial and tax planning services at a single-family office. Prior to that, Jason spent four years at Deloitte, offering tax planning, financial counseling and wealth planning solutions to individuals, their families and businesses.

Jason joined Bartlett Wealth Management in 2017, and has over 16 years of experience in financial planning. He is passionate about solving complex financial planning issues with optimal solutions, staying on the cutting edge of tax legislation and working with clients and other advisors to build strategies to save on taxes. He partners with business owners to develop financial and tax strategies that will set their business up for future opportunities.

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>
> **JASON KATZ**

charter, and what is it that they want to accomplish. Not all companies are ready to step into having new bosses at the table. So, a board of advisors when you really think about it, it's the idea of a group of people that advise the leaders and the owners. Leaders and owners can decide to or decide not to take their advice, so there's an aspect of a little bit of freedom there. It's designed to help the company meet their strategic goals. Leaders and owners ultimately still make their own decisions, but the structure is usually a non-binding, a little less formal and really can be a support for the leadership. Now, when we think about people who are ready to go to the next stage and think about that as having a board of directors, there are a couple of options to think about. Some companies don't want to sell, but they really don't want to be running the business anymore, the owners maybe want to shift, and so we do see some trends toward family-owned, professionally managed and board-governed businesses, and in that case, you'd want to consider a board of directors. That board will oversee management, the leader is accountable to the board, which is a life-changing experience for entrepreneurs that have never reported to anybody, but they recognize the need and the opportunity to do so. That board, then, does have fiduciary responsibilities, usually then you have directors, and officers' insurance for that protection, but it's governed by bylaws, it's a little bit more formal and it has a few more rules, but it doesn't need to be stiff or overwhelming. You set up rules like a capital project over 10 million dollars requires board approval. The leadership in the organization for their compensation at a certain level, the board would approve. So, it's wonderful how it raises the bar in a company. I recently joined a board of directors that was the first board a company here in town had. They started the board last year, and they are so excited about having a board. We ended up having four people, because they couldn't break the tie on choosing members. So, they have four people at the table to help them through their growth, direct some of the key decisions, and I have to give credit to the company as well - they have gone and done research, they've done their homework between meetings, and they've made a tremendous commitment, so it's a win-win value exchange I would say, between the board and the organization. I don't want to tip my hand completely, but one of the exciting parts is some of the compensation is in bourbon, so that's all I'm going to say about that. Clay Mathile up at Aileron, his famous quote is always "if I had a popcorn stand on the corner of Third and Main, I'd have an outside board." That's how valuable he thinks it is, and, you know, we all need help from time to time, and I've said often, my worst decisions are the ones I've made all by myself, and so why not bring in some assistance and some help? And this community is rich with people who want to serve, and it isn't always a big price tag, it doesn't have to be a big, expensive board, especially around boards of advisors, but there are 10 thousand baby boomers a day retiring, they need something to do.

COURIER: Excellent idea. Carol, I'm going to stay with you for a minute. Both you and Jason have talked about how important communication is, and oftentimes in a family environment, as you said, communication is hard. You may think you hear different things. How important is it, or how helpful is it to have that facilitator in the process? So, somebody that's hearing what you're both saying, and can kind of repeat back what you're saying. How important is that?

BUTLER: Well, I think the fact that you even asked it, highlights the point that there is a need. If you think you need help, you probably are way past the opportunity of the need for help. And it is so beneficial to have a third party in the room. We see it happen through boards. We see it happen through round tables, but it can also be somebody who is going to come in and be an internal advisor to your organization, and while certainly your law firm maybe has somebody, or your accounting firm, or your wealth management firm, they all can play that advisory role, but there are people who are truly specialists in this space, and I think it's beneficial to invite those folks in to be able to sit at the table. We find that the ability to manage conflict effectively, and really begin to ask those tough questions and engage, making sure everybody gets to be heard is invaluable. So often, we don't have the opportunity to hear every voice at the table, or as parents of children, or even longtime business partners, it's hard to ask the tough questions. So, have a moderator, a coach, or a facilitator. We have some wonderful resources here in the city, and I would encourage taking advantage of those resources, and interview people since culture and fit in those roles can be incredibly important. So, don't be afraid to interview, and interview hard, to get the right people who can come in and help you, - they can be significant on the trajectory of the future.

COURIER: Great. Alright, Dino, let's talk a little bit about value. Should company valuations be based, specifically, on multiple earnings, cash flow, and what are things people should consider when they look at that value?

LUCARELLI: The most important criterion on which the value is based is the future cash flow of any organization. We do care what happened in the past, but we care more about what's going to happen in the future. So, oftentimes you have businesses that have done reasonably well and continue to do well, but maybe they've hit their spot where they're in a high growth mode. If you're in a high growth mode as an organization, and you can demonstrate that, you want to value your business using a discounted cash flow model, which is looking forward. When you use a multiple on a high growth company, you oftentimes will understate the value of the future earnings and you end up taking a discount. We run into this all the time. We have an example right now, where during COVID-19, a company emerged from the pack, and many of their competitors fell to the wayside. They either abandoned ship or were sold, so post COVID, they are having their best year by a factor of three on earnings and there's no slowing down. So, when we look at the valuation of that business, if we used a multiple of earnings, which is based on historical numbers, we wouldn't get the right value for that company. You have to be able to show the rigor and the intellectual capital going behind it that lets you demonstrate, clearly that the future earnings stream is there. So, there's not a one-size-fits all. There are multiple ways to value businesses. If you put 10 valuation experts in a room and ask them to do valuations, you'll likely get 8 different numbers, so I think you've got to make sure you've got somebody who knows the game, but knows your business and studies it, and looks at multiple valuation methodologies as opposed to one.

COURIER: Excellent. Alright, Sonya, I'm going to come back to you. I know Carol and I have been talking a lot about specifics with family businesses, but what are the options for planning when some of the families are in the business, while other family members are not in the business, and you're talking through the succession plan? What are some of those options that people should look at?

JINDAL TORK: Yes. To piggyback off of what Carol alluded to, there's a lot of tough conversations that happen in conjunction with families that have some family members involved in the business, and others that are not involved, and as a parent, you usually want to make sure that all of your children are treated equally, and a lot of people express a desire to do that. Again, one way to approach this is to create the voting and non-voting interests that I alluded to before, where the child involved can receive voting interests, and ultimately , control of the business in the future, and the other child who is not involved in the business can receive non-voting interests which still gives them the economic value but no control or decision-making authority. Another option is to transfer the entire ownership of the business to the child that is involved in the business and then transfer other assets to the child that is not involved, and that equalization process can occur through your estate plan. You can have provisions in your estate plan that equalizes all of your children, based on the business interests that are being transferred to the other child. Also, you can change beneficiary designations on retirement accounts or life insurance policies to equalize the inheritance that way as well. And, to go back to the discussion we've been having about communication, with respect to equalization, I think it's important to remember that what's always equal from a valuation perspective is not always considered to be fair. The person who is receiving the business might feel, well, I'm taking on more of a risk than the person on the other side, so if the other child receives, perhaps, marketable securities to equalize them instead of the business, the child receiving the business may feel that the child receiving marketable securities is not taking on as much of a risk and maybe the child receiving the business should receive more. Then, you know, the other child might feel like, well, you have more of a potential upside than I do. Again, it's important to have those conversations and make sure everybody's communicating. Have these conversations early on to make sure that the concept of equalization works as you intend it to and that it doesn't cause further disruption in the family.

COURIER: Excellent. We got a question from the audience that came in when we were talking about boards a few questions ago. Is there a typical compensation range for a board, and is there always compensation for a board of advisors, or is it just compensation for a board of directors, or is it back and forth? Carol, it seems like you have the most experience with boards in various organizations, what would you say?

BUTLER: Yes, we've put on a board program, and we've used the intellectual property from Aileron, so Clay's name comes up again. What we encourage people to do that go through the Business Board Institute is to consider paying, especially for a board of advisors, the people on the board, the same as they would their lawyers and their accountants. . We recognize that there are boards that are paid more significant amounts of money, more likely, those are board of directors, and you can find out more from the different surveys that are available. . Typically, there are four meetings a year, along with other special meetings, and that's a pretty good agreement of exchange of value, and so that's how we think about that. I do see that on some boards of directors, you may want to consider some higher values there, but it depends a little bit on the roles, the responsibilities, the amount of time, and the people you're engaging. You may want to pay your board chair slightly differently, and some companies also pay a retainer. So, they pay per meeting, and then they also pay a retainer. Most board members are so excited to serve, and they are happy to take calls in between, and those would not necessarily be paid, but just recognized as part of the support.

COURIER: If someone is considering being part of a board, they should do their due diligence, and figure out what the outcome they want from that board is before they even choose if they are going the board of advisor's route.

BUTLER: Jamie, we actually have a board candidate registry, so we ask people when they fill out their template for the registry, 'what are their expectations?' So, if they have very different expectations, they may not be a fit for one of the more local boards of advisors, and that's okay, because there's room for everybody.

COURIER: Great. Thanks. Here at the Courier, we've had a lot of conversations with the Cincinnati USA Regional Chamber, specifically their MBA in the minority business accelerator. They've got a program where they are trying to grow minority business enterprises through mergers and acquisitions. Do you see our local business community helping identify those minority firms that need this help in this process? I'm just going to throw this out to the group here. Is there anyone that wants to go there? Carol is shaking her head.

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BUTLER: Well, I'll come at it from a slightly different angle. We've been working with a group called Black Achievers, who are working in conjunction with the Minority Business Accelerator, Darrin Redus and the 100-million-dollar fund that he's putting together, and their focus is a little different. They wanted to create a business acquisitions institute, so Lisa Jonas and a few of the folks here along with Kelly Bonnell at Main Street Ventures, and Chris Bennett of Black Achievers have worked together on creating curriculum, and the initial class just finished up. It was a nine-week program to teach the participants how to identify a business, how to purchase a business, and how to transition into running the business. The focus is on non-minority owned businesses that could become minority-owned with a focus on people of color. So, Darrin Redus has been very involved in the process, and the fund, I understand, will probably be stood up in September, and it's partly funded now. So, that's a different view on what you're talking about, but it certainly will help create more minority businesses in our community. It's very exciting work that they're doing.

COURIER: Awesome. Anyone else have anything to add to that? Sonya, I'm going to head back to you. Again, talking about business succession. How does business succession tie into your estate planning? You talked about that a little bit before, but can you go deeper into that?

JINDAL TORK: Business succession planning and estate planning really go hand-in-hand. For many business owners, their business is the biggest and sometimes their only significant asset. So ideally, your estate plan should incorporate your business succession plan. A basic estate plan should at least include a will that names a guardian for your children if you have any, an irrevocable trust, financial powers of attorney and healthcare powers of attorney. As a business owner, you will need a financial power of attorney that designates someone to manage your finances and vote your interests in your company if you were to become incapacitated or disabled. In your trust, besides designating who might receive the remainder of your business interests at your death, you can also name a closely held business advisor that can direct the trustee of your trust with respect to making decisions related to the business. I think it's important to know that without an estate plan in place, you can run into a lot of problems. Your estate could be subject to the probate process, which is the legal process for administering your estate after your death through the probate court. If that happens, not only would you be subject to unnecessary costs, but it also causes potential privacy issues, and your personal financial information and the value of your business can become information that's open to the public. So, as part of this succession planning process, it's critical to make sure that your business succession plan and the governing documents for your business all work together with your estate plan.

COURIER: Excellent. There are a lot of proposed changes to tax laws out there. Have they impacted succession planning, or will they impact it as the tax laws continue to change? What do you see Sonya?

JINDAL TORK: Absolutely. The end of the year last year was crazy with the new administration coming in and proposed tax changes. At a high level, some of the proposed changed include an increase to the top capital gains rate from 20 percent to 39.6 percent for those who have incomes above one million, and based on an announcement from the treasury department in April, it looks like the Biden administration is going to try and make that change retroactive back to April or May of this year, but it isn't clear whether that will actually happen, or pass through Congress. A lot of this is just speculation, but it is out there. There is also a proposal to eliminate the step-up in basis treatment that you get under the current law, where when after assets are transferred at death, the basis of the assets is increased to fair market value, which again is a tool for eliminating gain in a business interest that was acquired during the transferers' lifetime. Also, under the current law, a person can transfer up to 11.7 million dollars, or a married couple can transfer 23.4 million dollars free of gift and estate taxes during their lifetime and right now these exemptions are scheduled to drop back to 5 million dollars per person in 2026 and that number will be adjusted for inflation. Nobody has a crystal ball here, and we still don't know what the final law will look like, but with all of these proposed changes, there's definitely been a rush to implement transfers before the year-end. And last year, obviously, there was a big, huge rush, but we still see people trying to use up their lifetime exemptions and make some changes before any new laws are enacted.

COURIER: Okay. That makes sense. Jason, we'll go back to you, and we'll talk a little bit about when you're going through this process, and you're assembling your financial team that will assist you on this, what should an owner look for? What are the specialties, and what are some of the top things that a business owner should take into consideration when getting a team ready for this process?

KATZ: Yeah, I go back to my comment from before that this is likely the largest transaction of a business owner's life, so being very intentional, and going into it with your eyes wide open, and knowing there are specialists in these areas that can help. So folks like Sonya, who focus on estate planning, and the M&A piece of the legal portion, and folks like Dino on the M&A advisory part is huge. So, putting a team together, and making sure that team works together is important. So, there's a central plan that's put together that everybody buys into and truly understands what the ultimate goals are of the business owners and their families. Then, working together and getting those ideas out there as to how can we achieve these goals? Is it a charitable goal? Is there an opportunity to gift a part of the business to a charity or a donor-advised fund prior to sale, or is it really an estate planning technique, where maybe we have the opportunity to gift a part of the business to a trust for the benefit of the children ahead of this increase in value that comes with an exit? These are all things that there are specialists out there to help with. So, it's recognizing that the attorney that you may have used in your corporate role for contractors and things like that may or not be a specialist in this area, for example. So, just making sure that you recognize this as a big deal if you can put it that way, and say hey, let's make sure that we've got the best team around the table.

COURIER: Excellent. Dino, you touched on this before when we were talking about value and valuation. What can a business owner do now in their business to enhance the value of their company when it comes time to sell?

LUCARELLI: It comes down to taking a hard look at the state of the organization. The things that enhance value would be things like having a very diversified customer base, having a strong management team, very consistent earnings, great vendor support, a tremendous team of associates, leaders as well as those who do the day-to-day operations, having great facilities and a very strong IT infrastructure. We go through a list of 13 criteria that we look for in every business before we take it to sale to get a gauge of where they are on that spectrum, and oftentimes we will hold the business back for maybe six months or a year while we work on any problems. Oftentimes, the balance sheet has things on it that shouldn't be there, like loans to employees, or loans to the shareholders. Clean it up. I equate this in a very simplistic way. If I'm having a dinner party with the heads of state, I make sure that the china is pristine, the silverware is polished, and everything spotless. That's how you want to be with your business, because we all have challenges in our businesses. Every business has problems, but there are many problems or significant issues that you can undertake to fix prior to going to market. We definitely go through a scrubbing process, and if we don't feel the company is ready, we will go through a restructure or some readiness activities to make sure that the business owners are going to optimize their position.

COURIER: Great. Jason, I think I skipped over you a little bit ago

Dino Lucarelli

Managing Director,
Captial Tactics Inc.

Dino Lucarelli, CPA, is an industry veteran in the field of M&A, capital raising, business valuation, and financial management and reporting. He is the Founder and Managing Director of Capital Tactics, a transaction advisory firm focused on mergers, acquisitions, divestitures, business valuation, and capital raising.

In 2004 Lucarelli founded and operated Lucarelli Tactical Group, a transaction advisory firm, until January 2019, when the firm merged with Barnes Dennig CPA firm; Lucarelli ran the practice inside Barnes Dennig before spinning out in June 2021, forming Capital Tactics Inc., which serves a significant base of companies in a variety of industries, spanning the various service lines that the company offers.

Lucarelli is a member of the American Institute of Certified Public Accountants. He is a lifelong resident in the Cincinnati Metro Market, where he resides with his wife and adult children.

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DINO LUCARELLI

when I was talking to Sonya about the tax proposals or proposed changes. Is there anything else you wanted to bring out about that, or is anything somebody should be looking for, or be ready for with some of these proposed tax changes?

KATZ: Yeah. I think Sonya hit a lot of them, really, at a great level. The one thing that I always tend to stress is these are proposals at this point. We are not talking about pending legislation, or that it's on the president's desk yet. But it's something to be aware of, that things can change, and tax laws can change, but that also provides opportunity, and so, the capital gains change, let me give a quick example of how that could affect a business owner. If a business owner sells their business for 25 million dollars, and this proposed change in capital gains above a million dollars goes into effect, that's money that goes back into their pocket by almost five million dollars. So, it's not an insignificant number, and especially as those numbers get higher and higher then the discrepancy gets higher and higher. So, on one side, we don't want to get too excited and worried about these tax law proposals, but on the side, there is a decision point, and this could be something that tips the scale, this is certainly something that we're seeing. We are seeing a lot more activity in the M&A world, and I think that the tax proposals are certainly part of it. Low interest rates are another part of it with a lot of money that's out in the system that needs a place, and people are willing to pay for great companies with solid, future cash flows as we've talked about before. So, tax proposals are part of it, and all of the items that Sonya went through in terms of the step-up in basis, there's a lot of unintended consequences that could happen if that were to pass, meaning that if a business owner's primary asset is their business, and they pass away, and they are above the estate planning exemption, how would that all work out in terms of having the liquidity, having the cash to pay any kind of estate taxes. So, there's a couple things out there that haven't been fleshed out, fully, in terms of the proposals, which is kind of like every tax proposal that's out there. The thing to remember is that the proposal that came out was one-and-a-half pages, so that's the level of detail that we have at this point. So, it's just something to know, not to get too excited about it, but also know it's out there.

COURIER: Great. Thanks, and sorry I skipped over you earlier. We just received another question from the audience, and this question is coming from the perspective of a potential internal buyer to a small company. The question is what are typical documents to sign upfront to start the process of a business transition discussion? Are there any documents out there? Sonya or Dino, do you have any thoughts on that? What documents should you look at if you having an internal discussion to buy a small company, internally?

JINDAL TORK: A letter of intent would typically be put together as part of that discussion. Even before the letter of intent, there might also be a basic outline, going through thoughts on that, and sitting down, having discussions about how you see that working, but really it starts with the letter of intent. And to piggyback off of what Jason said earlier, it's really important with the timing of the letter of intent and when you get your advisors involved, because once you enter into a binding letter of intent, a lot of tax planning opportunities go out the door, and you can get into crosshairs with the IRS. So, it's important to bring all of your advisors in at the appropriate time to make sure that you're doing things in a way that will accomplish everything in a tax efficient manner and that you won't lose out on planning opportunities.

COURIER: Great. Thank you. Dino, I want to jump in with you. Oftentimes, business owners will curtail spending on major improvements or upgrades as retirement approaches. Is this a correct strategy?

LUCARELLI: The bankers would call this process bleeding out the company. We definitely do not recommend that business owners do that. Even though it's a capital expenditure that, potentially, you could avoid, the idea that the buyer will come in and know more about what the capital needs are in the business than you know as a seller, that's a daunting prospect. We represent buyers and sellers. When we represent buyers, and when a buyer goes into an organization that has been depleted of assets that are top-of-the-line or state of the art, the buyers, oftentimes, will put that as a second-tier opportunity. When we go into an organization that's been maintained in a pristine manner, buyers are chomping at the bit to get in. As a buyer, I want to think that the seller has kept this company in perfect, tip-top order, so that I can come in and do what I do best, which is strategy. I don't want to have to reorganize the deck chairs. I want to come in, hit the ground running with my marketing team, with my financial capital, and take it to the next level. I don't really want to have to reorganize the company because it's been maintained improperly.

COURIER: That makes perfect sense. I just received a question, and, Carol, I have to think this one's coming to you. The question is 'what amazing suggestions do you have when G1 or G2, one is currently in charge, doesn't want to let go, and thinks that they are going to live forever?

BUTLER: I wish I could say we've never seen that before, but the advice to the G1 is sometimes, it really is time to move forward and make room. The phrase we use here is 'if what you do is who you are, then who are you when you don't,' and for G1's they have trouble if their identity is all tied to the company, it's their history, their legacy, who they are and what they do, their name is over the door, and that is everything from morning to sunset, that it's all about who they are. We encourage them to be able to begin to think through the process of what's next. Keith Lawrence is one of our guest speakers and he does a wonderful job helping people think through their life quest, retirement quest, and planning ahead. He says, 'so the rest of your life is the best of your life,' because when we see companies and the CEO is 85 years old, and now the one hoping to take over is 65 and is also thinking about 'am I going take over, or am I going to retire?' Then, you've missed a whole generation of opportunity there. So, we encourage people to focus on the exit planning process, and figuring out what's life after business look like for me? I think John Goering is one of the great examples when you consider his whole second act. Look at all of the things that he did after he retired from the university and had sold the family business. They say the two most dangerous years in your life are the year you're born and the year you retire, because there's tremendous change, a lot of stress and a lot of different things coming at you. So, we encourage people to develop a plan and have a next act. Otherwise, you can see how the path goes, right? The G2's are trying to elbow the G1's out. The G1's kind of get dug in. And, to the other part we've talked about already and this is where a board of advisors can be incredibly helpful, or any kind of facilitator in the process, because we all need a little help on our journeys sometimes, and being able to ask those hard questions of what is the future and the succession of the business? Dino would say the value is important and having that succession plan established. So, somebody who is going to buy it, whether internal or external, can see both a career path for themselves as well as for the success of the company. That is a delicate and challenging topic sometimes, so it's also good to get to know your peers. We encourage people to be a part of roundtables, where they can have these conversations with peer groups, and see how other people either did it well or didn't do it so well. And, often, the story at the table is, 'I don't want to do this the way my parents did it. I want to do better, and how do I do better?' Then, once that question comes up for help, a lot of folks can give them some good advice, but that is a tricky path and one worth a lot of conversation.

COURIER: Great. Dino, can you add to that? I know you've seen some of this as well.

LUCARELLI: Oh boy, we see it all the time. So, there are both financial and pragmatic reasons why G1 wants to cede a certain amount of control to G2. The financial reason is that the value of the company, if it's wrapped up in the intellectual property, so to speak, or the guidance and leadership of G1, who's departing, it will cause the remainder of the organization to be undervalued. From a financial perspective, we counsel our business owners to spread the responsibilities across a larger, broader spectrum. I will give you an example. We were looking at a buyer, who had flown in their corporate jet. That's how serious they were to come in to buy our company, and we had a 50-million-dollar revenue company and the G1 in a meeting said, 'this company can't run without me. I'm the main guy.' And there's 300 people in this company. This is not metaphorically speaking, but literally speaking, and the buyer clipped his notebook and said well if that's the case, and you're leaving, I'm not buying the company, because you're walking out with the knowledge. From a financial perspective, the valuation of the company can be decremented by virtue of not having spread responsibility. From a pragmatic perspective, when you start with a little bit of running room before you take the company for sale to show them the G1, that he can reduce his overall responsibility, but not reduce his ownership, and not reduce his perspective from a financial gain perspective, that makes sense, but it takes a certain amount of counseling. As Carol said, oftentimes, it's a board of advisors, or your attorney, but they have to understand that if they are the key person in the mix, and they are planning to depart, that's not good for the remaining company.

COURIER: Alright. Great. Sonya, I have one more question for you and then we are going to wrap up and let everybody hit on anything they think is important. The last question I have for you is how can charitable intentions work in tandem with succession planning? How can you do both of those things at the same time?

JINDAL TORK: Sure. Carol mentioned how effective it is to ask questions during the succession planning process and communicating with the relative parties. So, one of the questions that we always ask is 'what do clients want their legacy to be, and do they have any charitable intentions?' because there are often opportunities for a business owner to establish a philanthropic legacy, and at the same time, avoid tax liabilities through different charitable planning techniques. Jason mentioned some of these including gifts to donor advised funds, or public charities, such as Greater Cincinnati Foundation are popular. It allows the donor to potentially eliminate capital gains on the appreciation of the business interest, or get an income tax deduction, and then the donor can recommend grants from their donor-advised fund to different charities over time. A charitable remainder trust is another strategy that can help with retirement income. In that case the business owner or donor would transfer assets to a trust and get a charitable income tax deduction upfront, and then the trust pays the donor an annuity for up to twenty years. Then, at the termination of the trust, the remainder of the assets pass to a charity. So, that option gives the business owner a flexible, charitable giving option with an income tax deduction upfront, and then, some cash flow to the donor for up to 20 years. With all of these techniques, it's important to remember that limitations can always apply in certain cases. For example, with an S Corporation, you can't give S Corporation stock to certain charitable vehicles. And, the gift of S Corporation stock can have different consequences to the charities. Again, careful planning is always important.

COURIER: Great. Alright. We are going to go around the horn again and let everyone give their final thoughts, and Sonya, I'm going to stick with you. Is there anything we missed or any important tips you'd like to share with our audience before we wrap up?

JINDAL TORK: I would close by saying that there's many opportunities to de-

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sign your succession plan in a tax efficient manner that also complements your financial objectives and what you want your overall legacy to be. I think to achieve that, you can't be hyper focused on one goal or objective. This past year, I've seen so many people trying to rush to make changes because of the tax laws, and in some instances without kind of taking a step back to think about how that affects their own personal financial situation or liquidity issues. So, I think it's really important to take a step back and take a wholistic approach to everything, and make sure you are consulting and communicating with all of the relevant parties, including your family, the other business owners and your advisors to make sure it happens the way you intended it to be.

COURIER: Excellent. Thank you for all your input and thoughts today. Jason, how about you?

KATZ: I think one thing we've heard today is that this is pretty complex. There's a lot of moving parts. There's the board of advisors, there's the value of your company, there's the tax and estate planning strategies, and there's the non-financial aspects, so it really comes back to the original thought of it makes sense to start early. It's being intentional about the planning, really thinking about these things in concert with each other, and I'll echo Sonya's comment about not being hyper focused on one particular item at the expense of others is really important. Again, we see some business owners who are going through that transition with the ultimate goal of the exit being the number one goal, at the expense of not really thinking about what does life look like after the exit? Or what am I going to do? It's a simple thing to think about what am I going to do after I sell my business? It's an extremely important thing to think about, and to talk to your family about, and to keep your eyes wide open. Maybe this is just the exit, and then, you're going to start with a new business. That's great. Knowing that ahead of time is important as well. So, I'd just say being intentional, and starting early are the things that come to mind as the big things to think about.

COURIER: Excellent. Those are good thoughts, Jason. Dino, how about you?

LUCARELLI: I have to jump on what Jason just said. This process takes longer than people think. Most of the business owners that we've worked with have said, 'boy, I should have been talking to you two years ago.' And the concern is that as time goes on, sellers get more of a sense of urgency. If I decide I want to sell my business in a year, a year comes and I'm nowhere close, because I don't have any buyers lined up, that sense of urgency will find it's way into the discussion with the buyers. And anytime there's a sense of urgency from the seller's perspective, that obviously impacts the buyer's willingness to pay a premium. So, we suggest strongly that you build your team in advance, and you have a team that includes your wealth manager, your risk manager, your CFO, your CTO, other leadership within the company and your attorney. Start the process early, and if something comes along that isn't optimal, you don't have to take it, but the risk of not starting early is far greater than, perhaps, some upfront work that maybe doesn't yield immediate results. So, we try to get everybody on board as soon as possible. Once somebody decides, 'I might be getting a little tired,' you should already be in the process.

COURIER: Great. Carol, as I go to you, we did get one more question, and my answer to the question is to call Carol, but it says 'what kind of training do you recommend for G2 leaders? How do you hold them accountable? I can't think of anybody better to hand that question over to as you wrap up.

BUTLER: Alright. Thank you. That's a very timely question. We are actually having a G2 Roundtable Overview here, today, across the hall, and the idea is G2's can support each other as a peer group. It doesn't matter what business you're in, probably even the position you're in, but anybody that's on that journey we've found this kind of roundtable is quite beneficial. We have one roundtable called Daughters in Charge. They are the one's coming up that are likely to run the company or be in senior levels, and then, we have this group that could a brand-new roundtable spinoff today, or maybe folks will join some other roundtables. Its important to find some people to have that support, and to be able to have that dialogue with. We also have a Leadership Development Institute, and sometimes, a roundtable will spin out of that Institute, or out of the Next Generation Institute where people find some sense of community, some sense of opportunity, and ask some of the tough questions that they might not be willing to ask the G1's, and they start comparing notes. 'You got shares of stock? I didn't get shares of stock.' Then, they learn about voting and not voting shares. I think even just expanding the awareness is tremendous. So, whether it's here at the Goering Center, at the Chamber, or in the community overall, don't be afraid to focus on your own self development, because sometimes we get so caught up in working in the business that we forget about working on ourselves and sometimes, we forget about working on the business. That's the wisdom that you've heard around the table with all of our speakers today – to get good advisors, take the time to work with the board of advisors or board of directors, because they can be a wonderful addition, and the preparation for those meetings will help lift you out of the day-to-day, and get you thinking about all the questions that Jason, Sonya and Dino have brought to us, because those are the hard ones, or the tough ones to get to, and that board prep, or any of your advisor meeting prep will be very beneficial. The other thing I'd like to touch on just as we wrap up here is contingency planning. We haven't talked a lot about contingency planning. One of the things I think we could all tell many stories about is the person who didn't have plans in place. We had somebody in our Institute this year. They were driving to visit a friend and their heart stopped working, and fortunately, they lived to tell the tale, because they had a good samaritan, who was able to save their life, but his wisdom to everybody that was on our Zoom presentation that day was if you don't have a contingency plan in place, you're three years too late. So, now, you really need to work on that. He was lucky to make it, and lucky to be able to tell the tale, and as he was speaking, you could see people beginning to tap the corner of their eye, because the emotion had hit, and there were 50 or more people on the Zoom presentation. So, we never know. We can be young, and something can happen, or we think we have control of these things, but we really don't, and we see even in our own families' members going through things. It could be cancer, or it could be something sudden and unexpected, and we all have many stories. So, I would really encourage if you're an advisor, help the clients that you have to think about that, and if you're a family or a private business, think about who could step in if tomorrow didn't happen. That's a heavy note to end on, but the outcome can be great, because you've planned. Thanks for asking.

COURIER: I would just add that if nothing else, 2020 probably taught us all that nothing is forever, and who knows what tomorrow is going to bring. So, I have to think contingency planning and emergency planning, even in these succession plans are important. Again, bring those advisors in, like the four we have on our panel today to help you get the most out of your business, and help your business carry on, even after you. Again, I want to thank our panel. I can't thank you enough for your expertise and your great advice. I want to thank you and your companies for your sponsorship – Bartlett Wealth Management, Capital Tactics Inc., Goering Center for Family and Private Business and Taft Law. I also want to thank our attendees for being a part of today's program and remind you that you will get a follow-up email with a link to the program, so you can watch it or share it with others at your business. I also want to remind you on August 6 in the Cincinnati Business Courier you will find a written recap of this discussion to help you and your business succeed. Thank you all for being on, for listening, and I hope you all have a great day.

Sonya Jindal Tork

Partner,
Taft Law

Sonya advises individuals, businesses, hospitals, health care organizations, corporate executives, physicians, nonprofits, foundations, and corporate fiduciaries with all aspects of their tax, estate, charitable, governance, asset protection, business succession, transactional planning needs.

Sonya also has extensive experience representing individuals, estates, trusts, business and tax-exempt organizations in connection with state and federal civil and criminal disputes, audits, investigations, examinations, collection and settlement matters before the Internal Revenue Service, the United States Tax Court, the United States District Court for the Southern District of Ohio, and the Ohio Attorney General's Office.

Sonya earned her J.D. from Vanderbilt University Law School, her Masters in Tax Law from Northwestern University, and her B.S.B.A. in Finance from Xavier University. Leveraging her tax and financial expertise, Sonya provides clients with practical, creative, and business-oriented solutions to achieve their goals in a tax efficient manner.

"For many business owners, their business is the biggest and sometimes their only significant asset. So ideally, your estate plan should incorporate your business succession plan."

SONYA JINDAL TORK

“*The Next Generation Institute sparked communication*

between me and my son, Luke. It helped him develop an awareness of how challenging it is to be an owner and we learned how to avoid the really big mistakes that can be made during a business transition.”

Jim Perry, President, Perry Contracting

The Next Generation Institute is for owners and leaders of family businesses, their successors, and other family members. They come to tackle the tough questions together, have difficult conversations, and gain a holistic perspective on the succesion journey.

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