

Financial Management Resources

Transition Readiness Assessment

Company Name _____	Level of agreement				
	Highly Disagree		Agree		Highly Agree
Business & Legal Issues					
1. The shareholder's agreement is current	1	2	3	4	5
2. Open legal issues have been identified and plans are in place for resolution.	1	2	3	4	5
3. The company has a strong balance sheet	1	2	3	4	5
4. An annual business plan and budget are prepared	1	2	3	4	5
5. A 5 year strategic plan has been completed	1	2	3	4	5
6. An Advisory Board is in place	1	2	3	4	5
7. Key Person Life Insurance is adequate	1	2	3	4	5
Valuation Issues					
8. A formal valuation is current	1	2	3	4	5
9. Customer concentration is widespread	1	2	3	4	5
10. Earnings and cash flow is strong	1	2	3	4	5
11. Key performance metrics are identified and monitored	1	2	3	4	5
12. Goodwill factors are positive	1	2	3	4	5
13. Value drivers are well understood	1	2	3	4	5
14. Competitive position is strong	1	2	3	4	5
Management Issues					
15. The management team is strong and motivated	1	2	3	4	5
16. Key management people are locked in	1	2	3	4	5
17. Critical sales people will stay after transition	1	2	3	4	5
18. Future ownership has been discussed	1	2	3	4	5
19. Internal buyers have been qualified	1	2	3	4	5
20. Potential successors have company support	1	2	3	4	5

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	Highly Disagree		Agree		Highly Agree
21. Current - and new - management roles are clearly defined	1	2	3	4	5
22. The management compensation plan aligns with the goals of ownership.	1	2	3	4	5
 Exit Planning Issues					
23. Owner’s spouses are properly engaged and in agreement with the exit strategy.	1	2	3	4	5
24. “Life after ownership” is clear	1	2	3	4	5
25. Personal financial planning is complete	1	2	3	4	5
26. Potential buyers have been identified	1	2	3	4	5
27. Current owners are cohesive on exit strategy	1	2	3	4	5
28. Tax planning has been completed	1	2	3	4	5
29. A continuity plan exists for emergencies	1	2	3	4	5
30. A formal succession plan is complete	1	2	3	4	5
31. Due diligence issues have been reviewed	1	2	3	4	5
32. The exit strategy team has been assembled	1	2	3	4	5

Total of Score _____

Suggestion – Improving your score each year will significantly increase the likelihood of selling your company for its maximum value in the time frame that you would like to sell it. You will also likely meet more of your goals for the other stakeholders in your company, your retirement expectations, and the legacy that you desire to leave after you transition ownership.

Suggested Reading:

[If You Want to Earn a Capital Gain Someday: Six Things You Can Do Right Now](#) by Peter Worrell

[Every Family’s Business](#) by Tom Dean – a business fable

[A Tale of Two Owners](#) by Patrick Ungashick – a business fable

[Your Exit Map – Navigating the Boomer Bust](#) by John Dini

[The Master Plan](#) by Peter Christman

[Cashing Out Of Your Business](#) by Kathleen Richardson-Mauro and Jane Johnson

[Built To Sell](#) by John Warrilow – a business fable

[Run Your Business So You Can Leave It In Style](#) by John Brown