

# Exit the Family Business

Steve Vesey



*“There was a time where professionals balked at taking on many valuation engagements, as it was extremely difficult to be compensated for the amount of time and work involved. Now BizEquity saves anyone who runs valuations countless hours of calculating.”*

– Steve Vesey

## CASE STUDY

Steve Vesey, Co-Founder  
Exit the Family Business

## Maximizing Business Sale Value for Small Business Owners

### STRATEGY AND APPROACH

Most small business owners didn't build their businesses with a sale in mind. So when they do sell, it's often for 30-40% less than their businesses are actually worth.

That's where Steve Vesey and his team come in. He and his co-founder, Rick McDonald, started their company, Exit the Family Business, with the mission of unlocking the billions of dollars trapped inside undervalued and undersold family-owned businesses.

**A retired CPA and a certified exit planner, Steve approaches engagements with two purposes:**

1. Helping business owners understand how potential buyers view their businesses, and
2. Implementing operational changes to increase the business's value

### Steve's process begins with business valuation.

“In order to start the plan, you need to know what the business is worth.” And not, he explains, what the business owner thinks the business is worth — which is typically twice the actual value.

Using BizEquity's valuation software as the starting point, Steve and his partner developed the *7 Pillars of Value Creation*.

Over what's typically a two-year engagement, their team works with business owners using those pillars to improve the value of their businesses. And they only get paid if they produce — their fee is a percentage of the increase in value they create.

The BizEquity platform plays a major role in determining the starting point, but it also helps Steve's business owner clients understand some of the critical non-financial factors that influence potential buyers—most notably Operational Irrelevancy, or the impact the owner's involvement has on the business, and Recurring Revenue, the amount of top-line revenue that automatically renews year over year.

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## On Maximizing Business Sale Value for Small Business Owners

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Because BizEquity includes those scenarios as sliding scales in the valuation process, Steve can show business owners how their value will improve if certain adjustments are made.

“Once we identify where the problems are, we can typically increase the value by 30-50%,” Steve says.

For example, they recently worked with a metal plating shop worth around \$3 million at the start of their engagement. Steve’s team was able to make significant enhancements to operations and procurement margins, as well as incentivize key employees to remain with the business after it sold—which it did, for \$6 million.

“These business owners have created great lifestyles, they have million dollar homes and cars worth hundreds of thousands of dollars, but only \$100K saved for retirement because their plan is to sell the business. When they find out it’s only worth half of what they thought it was, that’s a real problem. We come in and make changes in the day-to-day operations, clean it up and present a well-oiled machine to buyers,” he said.

### ABOUT STEVE VESEY AND EXIT THE FAMILY BUSINESS

Steve Vesey spent 40 years as a CPA before selling his practice to devote full-time efforts to business valuation and exit planning. A National Excellence in Exit Planning Award winner, he’s prepared hundreds of business valuations over the past 25 years, and assisted hundreds of baby boomer business owners in creating successful succession plans to exit from their enterprises.

Exit the Family Business works with businesses looking to meaningfully increase business valuation through a proprietary, proven process as they move toward a sale. By identifying, qualifying and improving upon the seven key components a buyer will use to assess the value of a business, Exit the Family Business is able to unlock tremendous value for their business owner clients.