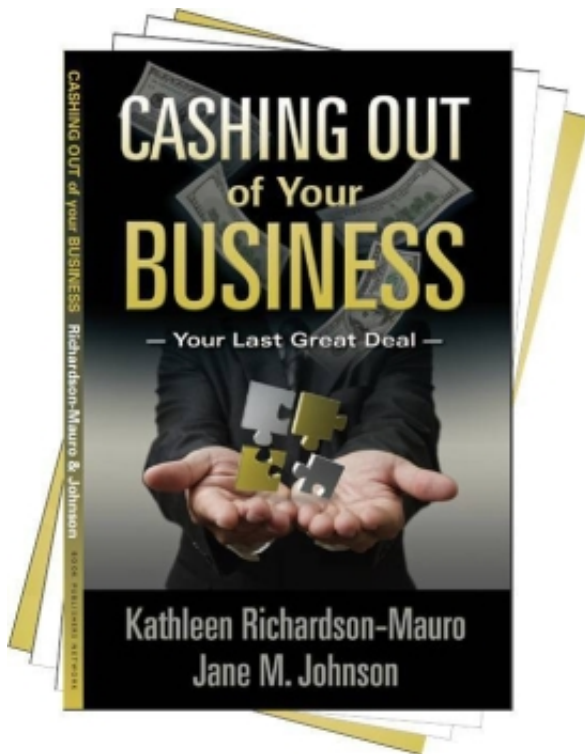


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## Make "Cashing Out of Your Business" Your Best Deal Ever

Posted By *Pierre DeBois* On March 23, 2014 @ 9:00 am In Business Books | [No Comments](#)

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We hear and read so much about building a business, but how about considering the end – the day you step out of your business and hopefully into a relaxing and rewarding lifestyle?

Every entrepreneur starts out with a business dream of it. But ask any if he or she is planning for an exit, and you should expect a myriad of shrugs and "I'm looking into it" responses.

To really "look into it," read the ebook *Cashing Out of Your Business: Your Last Great Deal* <sup>[1]</sup> by Kathleen Richardson-Mauro and Jane Johnson. The authors have built careers providing high level merger and acquisition advise. Richardson-Mauro has operated 5 small businesses and assisted 150 small businesses, while Johnson lead a successful acquisition of her business in

2004.

I discovered the book on NetGallery, and liked the subject's practicality as well as the authors' effort to provide a financial overview to what effectively becomes the most important one-time choice a business owner can make.

### Your Last Deal is a Big Deal

To envision the last great deal, as the title calls it, read the first chapters to detail what must go into the deal. The authors do well to define and cover what should happen in each instance. They have a wealth of experience. Johnson, for example, is a CPA and spent her early years in public accounting and finance at General Electric. The end result is a financial-influenced pragmatism that organizes the key factors for a business transfer.

For example, the segment on transfers defines two ways business ownership changes:

"There are two general categories of business transfers – internal and external. "Internal" refers to selling or gifting the business to an insider, such as key employees, managers, or a family member involved in the business. "External" refers to selling to an outsider, such as a competitor, customer, or investor."

There's no balance sheet or financial statements shown in the examples, so readers who are a bit uncomfortable with reviewing financial statements should feel relieved. Instead scenarios are supported with desired and actual outcomes segments – descriptions of what was being sought by business owners in the scenario and what can realistically be done in each scenario. This helps readers better understand the authors' views and make a personal evaluation of their own roles and tasks for their own exit.

This approach is the book's strength, and offers value for the small business owner. Much of the content addresses how assets are categorized, so the advice fits small businesses that have somehow avoided venture capital investment.

Take Chapter 3, "Counting Beans" – the authors emphasize the importance of seeking assets outside of the business so that the risk of a business going under is minimized. They deftly note what happens when owners transfer privately owned companies to their next generation in the family:

"Many owners have invested the majority of their money into their businesses. Many have also increased their spending (ratcheted up their lifestyles) to match the increasing profits of the company. This is often done, at least in part, to avoid paying taxes. But it is a dangerous game....Then next generation family members get involved, and they put their beans in the same basket, and on and on it goes until the majority of the family wealth is all tied up in one illiquid, privately held business that isn't going to generate profits indefinitely. Yikes!"

Content like this explains the significance of what can happen beyond the financial definitions. Furthermore, the content is meant to help plan ahead how to best position a company for a sale. Richardson-Mauro and Johnson share the general viewpoint buyers bring to a business:

"Buyers consider many factors when they evaluate a company, but first and foremost they want to know that the business is not dependent on you personally. That is, they want assurance it can be run successfully by your terrific management team or key employees. They want to hear about your obsession with customer service and retention, quality of product and services, processes, and procedures. They want to see your strategy business plan and learn about the company's potential for future growth earnings. They want to know that you are well respected in the industry and your competitors take you seriously. And to top it off, they want you to

demonstrate that very little risk exists to owning your business.”

The book is brief, so readers should consider an accounting book to evaluate their own numbers. Thus the book’s value lies in a straight-forward text that leads to a framework to approach those numbers with wise forward planning.

*Cashing Out Your Business* will open up your eyes to what will ensure your business survival after moving on. Whether you plan to transfer your business next year or years from now, give this book a read to learn what structure will work best for all the people important in your business and your life.

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URL to article: <https://smallbiztrends.com/2014/03/cashing-out-of-your-business-book-review.html>

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[1] *Cashing Out of Your Business: Your Last Great Deal*: <http://www.amazon.com/Cashing-Your-Business-Kathleen-Richardson-Mauro-ebook/dp/B00DUFIR9S>