

# The Lifestyle Protector Process™

*A step-by-step process for business owners to  
obtain assurance in their financial future.*

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# Why we developed this program

In our work with business owners over the past twenty years, we noticed that even our most *successful* owners had a hard time answering the following questions. These are the kind of questions that were keeping them up at night, and preventing them from fully maximizing their business value.

- How often are you able to take time off, without constantly being on call and answering your phone or emails?*
- Are the majority of your retirement assets tied up in your business?*
- Who would take care of the business, if you got into an accident tomorrow?*
- Can you retire and preserve your current lifestyle? At what age?*
- Can you retire and **enhance** your lifestyle with travel, leisure, support to family, or make charitable contributions?*
- What happens to your employees if you were to retire or sell your business?*

Our Lifestyle Protector Process™ allows business owners to follow a clear road map that gets them to a place where they can answer these critical questions with confidence. It allows them to grow and protect the wealth they have accumulated in their businesses, and meet their lifelong goals with confidence.

# Three Levels of the Program

## Level 1 → The Business Owner's Lifestyle Protection Program

This program empowers you to protect and grow your personal and business wealth so you can enjoy your life to the fullest. You will create clear written goals and develop a plan to achieve these goals. The program includes:

- Analysis of your income and expenses
- Income tax review and analysis
- Estate planning analysis and recommendations
- Analysis of your personal insurance needs
- Personal investment review and recommendations

## Level 2 → The Business Owner's Succession and Lifestyle Protection Program

This program includes the Business Owner's Lifestyle Protection Program *as well as*:

- Overview of your trusted advisors
- Analysis of your existing arrangements
- Analysis of business disposition
- Analysis of business' management responsibilities
- Identification of corporate challenges and solutions

## Level 3 → Business Owner's Succession and Exit Plan

This program includes the Business Owner's Succession Plan and Business Owner's Lifestyle Protection Program, *as well as*:

- Management team analysis and recommendations
- Analysis of current key employee retention plan and recommendations
- Identification of key value drivers and current business value approximation
- Analysis of exit structure options, recommendations and documentation
- Analysis of tax implications of business ownership transfer during succession or exit
- Business broker / investment banker analysis and recommendations

# Why break it into 3 levels?

**“All business owners are people, too.”**

**Or**

**“If you don’t know where you are going, you will probably end up somewhere else.” – Lawrence J. Peter**

**Or**

**“The trouble with not having a goal is that you can spend your life running up and down the field and never score.” - Bill Copeland**

**Or**

**“If you aim at nothing, you will hit it every time.” – Zig Ziglar**

A business owner cannot properly plan exiting his or her business, if a specific set of objectives are not clearly identified at the beginning of the process. Our program is designed to establish these objectives, outline the road map that leads the owner to achieve the objectives, and identify solutions to any obstacles in the way. If an owner bypasses some of the steps and sells the business in a more impulsive manner, he or she runs the risk of maximizing the tax burden, losing value in the business, and not being able to sustain his or her current lifestyle.

For example, it would be pointless to pursue creating new entities or sale agreements unless the tax implications are understood first. Planning to reduce the impact of income taxes may be rendered moot if a company is not in a position to sell. Putting the company up for sale may be a disaster if an owner doesn’t understand what buyers are looking for, and how much they’re willing to pay. And finding ways to reduce an owner’s risk is critical, when transferring ownership to family members or insiders until the owners are fully paid.

This structured program also works to keep very busy business owners on track to reach their goals. We break down the research and analysis work into small, manageable pieces along set timelines, as well as regularly scheduled meetings, progress reviews, and a team working behind the scenes to pull all the pieces together. In this way, our clients are kept on schedule to take the various steps, in the correct order, to be prepared to successfully exit their business during the time frame that works for them.

# Level 1: The Business Owner's Lifestyle Protection Program

## **Pain Points Addressed:**

What are my goals (personal, financial, professional)?

Am I on track to achieving my goals in life? Do I have enough money to achieve my goals?

Is my family going to be taken care of, should something happen to me?

Can my family's lifestyle be maintained, if I am disabled or die prematurely?

Am I at risk for having most of my retirement assets tied up in my business?

Am I going to run out of money before I run out of life?

## **How We Address Them:**

Analysis of your income and expenses

Income tax review and analysis

Estate planning analysis and recommendations

Analysis of your personal insurance needs

Personal investment review and recommendations

## **Who We Work with to Address Them:**

-We coordinate all of these details with your professional advisors

-We facilitate meetings with critical other parties, such as a business owner's family members, upon the owner's request

# Level 2: The Business Owner's Succession and Lifestyle Protection Plan

## **Pain Points Addressed:**

Do I know what my business is worth?

Would my business keep running smoothly, should something happen to me?

Who is prepared to take over my business (a family member or employee) if I need to exit the business?

What is the right time for me to retire (or sell the business)?

How much does my business *need* to be valued in order for me to retire with enough money to support my goals?

## **How We Address Them:**

This program includes the Business Owner's Lifestyle Protection Program, as well as:

- Overview of your trusted advisors
- Analysis of your existing arrangements
- Analysis of business disposition
- Analysis of business' management responsibilities
- Identify list of corporate challenges and solutions

## **Who We Work with to Address Them:**

We work with the business owner's professional advisors and key employees.

# Level 3: The Business Owner's Succession and Exit Plan

## **Pain Points Addressed:**

I'm thinking of selling my business, but where do I start?

What is the best way for me to transfer ownership of my business, so I can achieve a vision of my ideal future?

How do I know what is optimal – a sale to a third party, to a family member, or to an employee management group?

Have I maximized and protected the value of my business to optimize the amount I can receive at sale?

## **How We Address Them:**

This program includes the Business Owner's Succession and Lifestyle Protection Program, as well as:

Management team analysis and recommendations

Analysis of current key employee retention plan and recommendations

Identification of key value drivers and current business value approximation

Analysis of exit structure options, recommendations and documentation

Analysis of tax implications of business ownership transfer during succession or exit

Business Broker / Investment Banker analysis and recommendations

## **Who We Work with to Address Them:**

Professional advisors

- Co-owners, key employees, management team
- Family members

# What you will have at the end of the process

- Clear, written goals for the rest of your life, and a plan to help achieve these goals
- A Financial plan to help you achieve your desired lifestyle
- Be more knowledgeable about financial matters and confident that your finances are managed properly
- Know what you have to spend and if you will be able to contribute to your community and favorite charities
- Have properly allocated your investments and have the right amount and type of insurance to protect yourself
- Have an advisor who will help you with all aspects of your financial affairs
- Hold regular meetings to review your progress and keep you on track towards your goals
- Have more time to spend on your favorite activities and have renewed purpose and meaning in your life.



# How to get started

We find the best way to get to know our clients, and see if we could be of service, is through an initial consultation. We always prefer to meet in person, and can come to your place of business, or you can come to our Rockville office. We will ask a lot of questions, and will rather quickly be able to assess what kind of guidance will get you to where you want to be. And if our services are not what you need, we will direct you to the correct person. We have a team of partners we work with closely (including attorneys, accountants, business advisors, valuation experts, ...), and will be sure to put you in good hands.

# About Obsidian Planning Solutions

*"We hired you because you understand that we don't separate our personal goals from our business."*

Like so many of our clients, this business owner had interviewed multiple financial planners who could create personal financial plans, and even more business consultants who offered to prepare his company to sell or transfer for top dollar. But this owner wanted one coherent business and personal financial plan designed to meet his unique goals. That's what you'll find at Obsidian: Help growing and protecting *both* your business and non-business assets; and Expertise in positioning your business to be sold or transferred for the largest check possible when *you* decide it's time to leave.

Successful business owners we work with:

- Set personal and business goals, and want to work with professionals who appreciate—and can help them achieve—both.
- Know that there's more to life—and owning a business—than money.
- See themselves as stewards of their business and other assets, and are wise about how they use them.
- View their assets as a way to care for themselves, their children, grandchildren, employees, communities and charities.

**At Obsidian, we craft and execute the coordinated solutions that allow you to focus on the rest of your life.**



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- Client story that can be used:

- *We had done personal planning and business work for Jasmine and, over the years, had frequently invited her to consider [how she might want to exit her business](#) when she felt the time was right. Like many owners, Jasmine had been so busy working to [grow and manage her company](#) that she just hadn't found the right time to add "[exit planning](#)" to our meeting agendas. When she scheduled this meeting, we were surprised to learn that exit planning was exactly what she wanted to discuss.*

- *"I just turned 63," Jasmine began. "[For years you've been telling me to think about my 'endgame' for my business](#), and believe it or not, I've been doing just that."*

- *"That's great," I responded. "What are you thinking?"*

- *"Well, I've done more than think," she said. "I've actually had some conversations with third-party buyers and learned that I'm not opposed to the idea in principle, but I just don't see the practicalities of it working out."*

- *"Practicalities," I interrupted. "Tell me what you mean."*

- **The Future of Jasmine's Business Was Worth More to Her than the Highest Price**

- *"I think we could have a meeting of the minds on the purchase price," Jasmine explained. "But I just don't see a culture fit. There's just too big a gap between how my people operate and interact with clients and how these prospective buyers do. And honestly, I like how we do things. I've worked hard to create the relationships I've built with my clients and our culture. I really don't want to sell that out from under my clients or employees."*

- *"Okay, so let me ask you the same question I've asked you when we've done your other planning," I said.*

- *"I know what you're going to say," she laughed. "So Jasmine, what are your goals here?" Am I right?"*

- *"You took the words right out of my mouth," I responded.*

- *"Well, obviously continuing the culture I've built is more important to me than I realized," she said. "But that raises a whole new set of practicalities. Meaning: I just don't think the three employees who could keep this thing running once I'm gone have the money to buy me out."*

- *"Well, most employees don't," I responded. "That's why we structure these sales so employees have money to buy the company from you in a way that minimizes your risk and keeps you in control until you receive your purchase price."*

- *"You've got my attention," Jasmine responded. "Please continue."*

- **Would You Sell Your Baby (er, business) To the Highest Bidder?**

- Jasmine's desire to exit her company in a way that leaves its culture intact and employees onboard is one we run into every day in our work with business owners. But rather than dive right into outlining the terms of a transfer plan, we begin by discussing the owner's goals. This response is generally quite different from the ones owners can expect from many of their other advisors.

- For example, if you told your CPA that you were thinking of selling your company, he or she would begin by estimating its value and possibly the tax consequences of the sale. If you told a business broker or investment banker the same thing, they would also make an estimate of value for several reasons including the fact that transaction intermediaries are paid using a percentage of purchase price. Attorneys, hearing about your desire to sell, will begin to prepare your company for a buyer's due diligence.

- Estimates of value, purchase price and tax liability, and preparation for due diligence are all necessary parts of the sale process, it's just that we begin, as Jasmine expected, where we always do: understanding an owner's goals. We ask:

- How much cash do you want/need when you exit to live the post-exit life you desire?

- Are you willing to work in your company for the period of time that it will take to complete the transfer?

- With those two owner-related pieces of information, we turn our focus to the employees:

- Do employees want to own your company?

- Are they willing to assume the debt, leases and bonds (if applicable) that you have personally guaranteed?

- Do they have the skills to grow your company before the transfer is complete?

- Only then do we look at your business:

- Is business cash flow consistent and strong enough to support an employee buy-in?

- Is the business ready for you to step out of your role as leader, rainmaker and /or strategic planner?