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**SMACNA ANNUAL CONVENTION**

*Maui, Hawaii*

OCTOBER 26-29



A vibrant tropical illustration. On the left, a brown volcano with white ash rises above blue waves. The bottom of the image shows a sandy beach with green grass and several colorful hibiscus flowers in shades of pink, purple, and orange. On the right side, there are green monstera leaves and more hibiscus flowers. The background is white with faint, light-colored floral patterns.

# EXIT READINESS

HOW PREPARED ARE YOU & YOUR BUSINESS?



**ANDREA STEINBRENNER**

**CHIEF EXECUTIVE OFFICER & PARTNER**

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# OUR PERSONAL STORY



# INTERESTING FACTS TO CONSIDER

More than 70%  
of businesses  
out on the  
market do not  
sell

12 months after  
selling, 75% of  
owners of  
“profoundly  
regretted” the  
decision

10% of you will  
feel like you  
had a  
successful exit

# WHAT IS YOUR WIN? & WHAT IS YOUR WHY?

WORKBOOK PAGE 2



# EXIT ENGINEERING PROCESS





# READINESS

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## BUSINESS OWNER MARKET

“A dream without a plan  
is just a wish.”

**Antoine de Saint-Exupéry**



# MOVING FROM OWNER OPERATED TO PROFESSIONALLY RUN

WORKBOOK PAGE 3

1. Who is the #1 rainmaker in your business?
2. Who is the #1 executor in your business?
3. Who currently runs payroll?
4. Who manages cash/cash flow?
5. Who can sign checks and transfer funds?
6. Who owns marketing?

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1. Does the business support your day-to-day life and home outside the business?
  2. If you took a month-long vacation and didn't work, would the business still be prosperous?
  3. Do you know what you need to retire or exit your business?
  4. Do you think you are ready for the change?



# READINESS

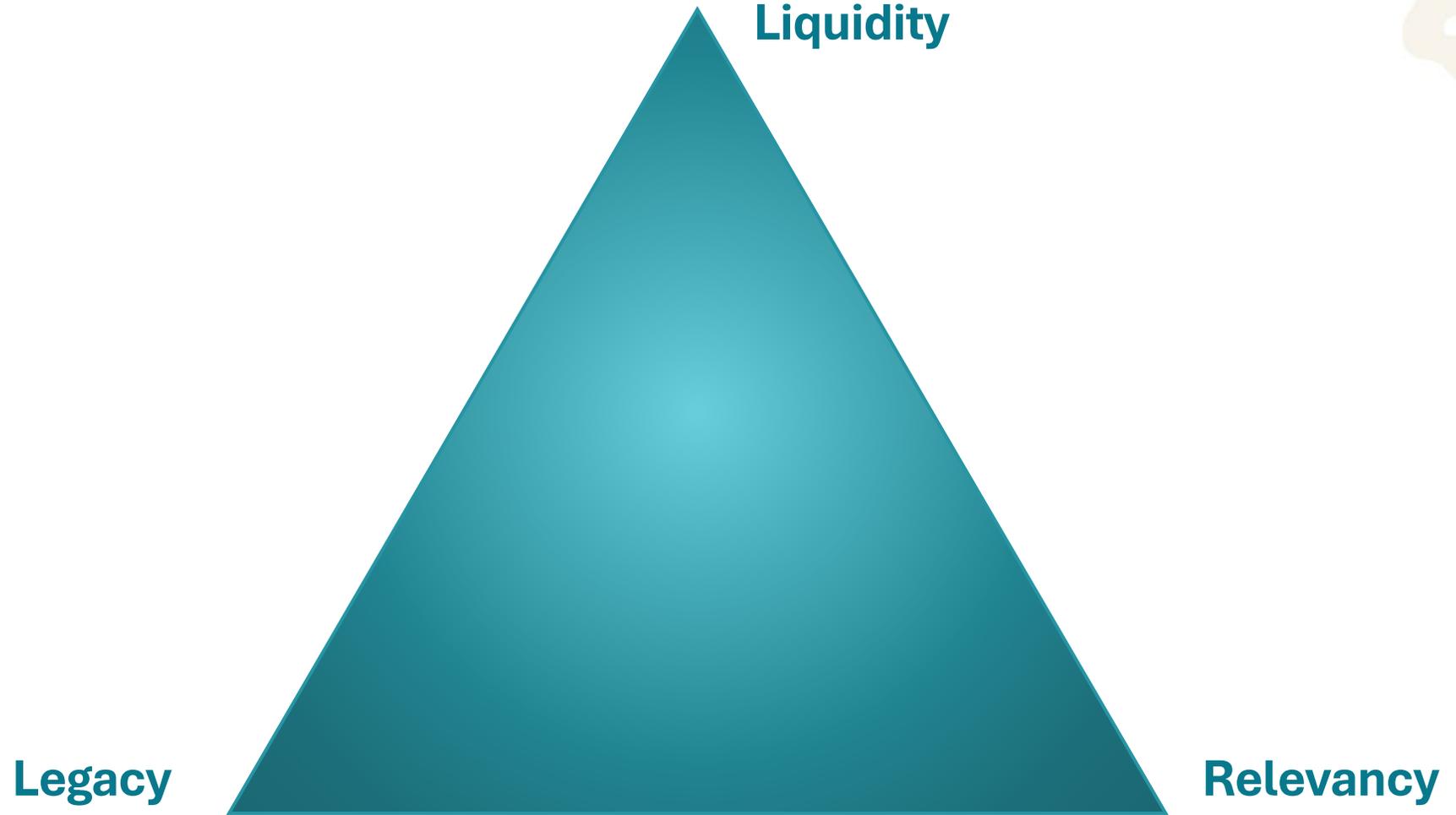
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## BUSINESS OWNER MARKET

“Good fortune is what happens when  
opportunity meets with planning.”

**Thomas Edison**

# WHAT MOTIVATES YOU?



# OWNER READINESS

WORKBOOK PAGE 5

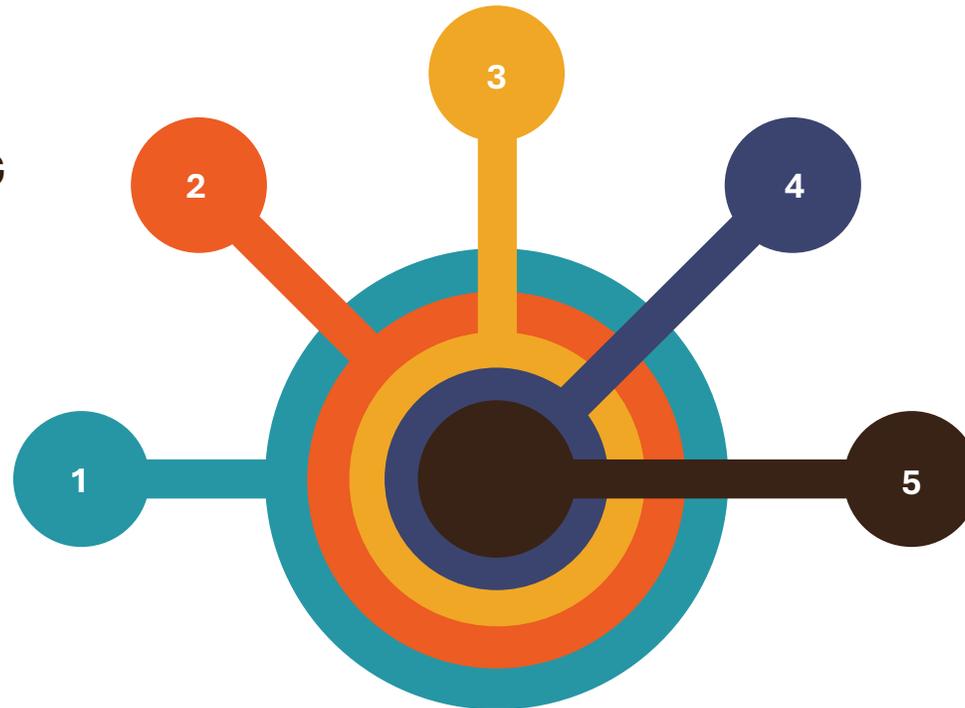
FINANCIAL ABILITY

TIMING

EMOTIONAL READINESS

DEFINE YOUR WIN

WHAT'S NEXT



# 5 DIFFERENT EXIT OPTIONS



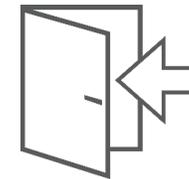
LIQUIDATE



GIVE IT AWAY  
Transition to  
Family



SELL IT  
Partner,  
Employee,  
Third-Party



QUIT AS  
EMPLOYEE BUT  
OWN COMPANY  
(Mailbox Money)



NO PLANS  
TO RETIRE

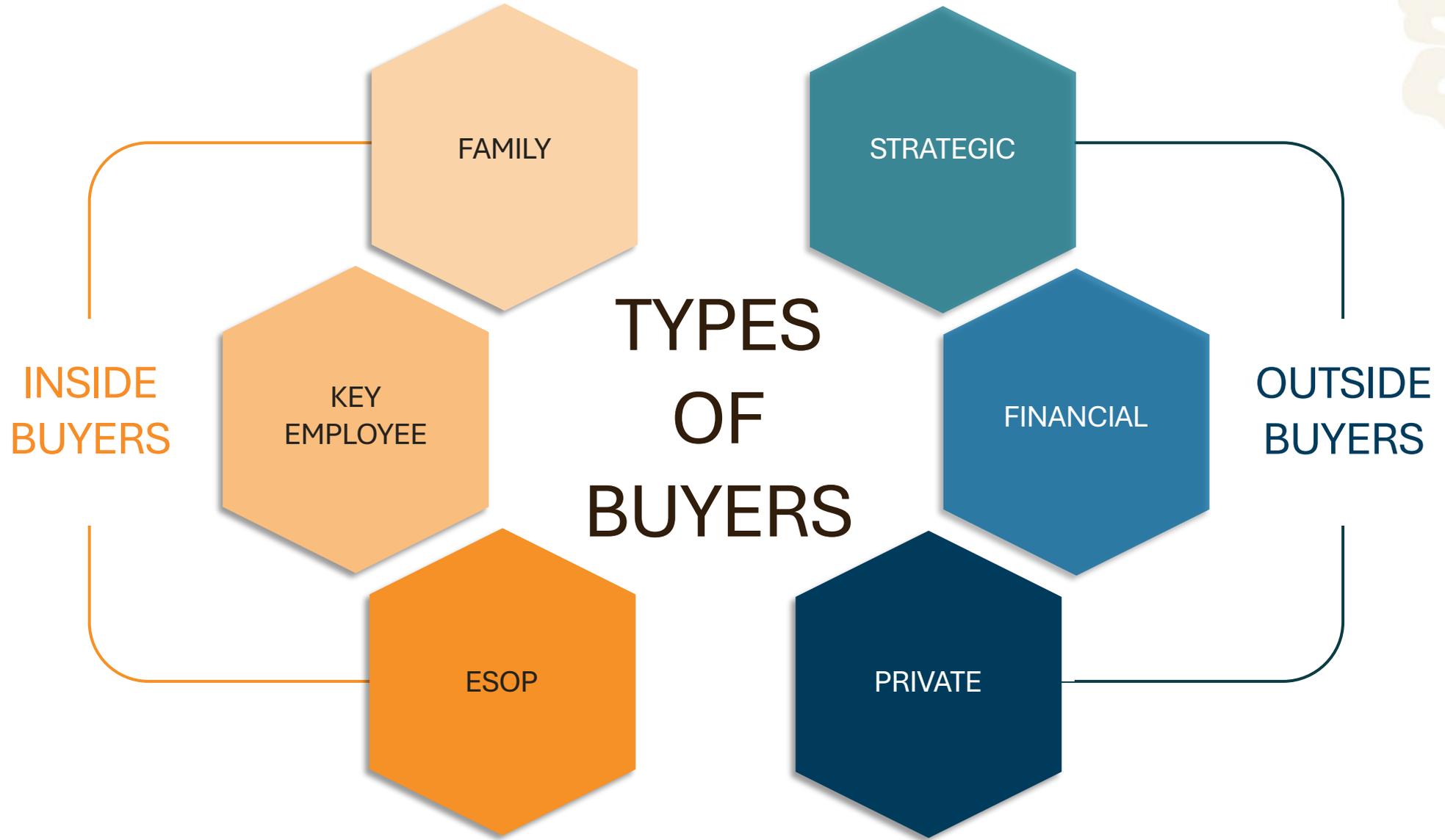
# READINESS

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## BUSINESS OWNER MARKET

“All you need is the plan, the road map, and the courage to press on to your destination.”

**Earl Nightingale**



# SWOT ANALYSIS

WORKBOOK PAGE 6

Factor	Strength	Weakness	Opportunity	Threat
Service Advisor Team In-Place (Attorney, CPA, etc.)				
Quality of Financials (internal accountant, reviewed, audited)				
Financial Performance Trend				
Detailed Budgets and Forecasts				
Customer Contracts (WIP/Backlog)				
Customer Concentration				
Vendor Contracts				
Vendor Concentration				
Strength of Org Chart				
Succession Plan for Employees				
Lease Terms				
Good legal standing with no pending litigations				
Relationship with Union vs Non-Union				
A Post-Close Plan/Defined WIN				

# VALUE DRIVERS

WORKBOOK PAGE 7

Driving Factors	Strength	Neutral	Weakness	Unknown
Revenue Trend				
Profitability Trend				
Profit Margin				
SDE / EBITDA Size				
Industry Concentration				
Customer Concentration				
Customer Quality (B2B, commercial, consumer, walk ins)				
Financeable/SBA Eligible				
Dependence on Seller's Expertise, etc.				
Strength & Depth of Management Team and/or Key Employees				
Need for Substantial Investment in Capital Equipment, Inventory, or Working Capital				
Competitive Advantages				

# EBITDA CALCULATION

READY TO GO TO MARKET

SOURCE: P&LS, PROVIDED BY SELLER

BASIS: ACCRUAL

	2022	2023	2024
Total Revenue	\$8,000,000	\$12,000,000	\$15,000,000
Cost of Goods Sold	2,000,000	3,000,000	5,000,000
Gross Profit	6,000,000	7,000,000	10,000,000
Operating Expenses	3,000,000	3,000,000	5,000,000
Net Income	\$3,000,000	\$4,000,000	\$5,000,000
<b>Addbacks</b>			
Non-Operating Expenses	500,000	550,000	600,000
One-Time Expenses	250,000	200,000	350,000
Owner Related Expenses	100,000	75,000	75,000
Total Addbacks	\$850,000	\$825,000	\$1,025,000
Total Seller Discretionary Earnings (SDE)	\$3,850,000	\$4,825,000	\$6,025,000
Less Fair Market Salary & Payroll Tax	250,000	250,000	250,000
Adjusted EBITDA	\$3,600,000	\$4,575,000	\$5,775,000

# ADJUSTED FINANCIAL SUMMARY

READY TO GO TO MARKET

	2022	2023	2024
Total Seller Discretionary Earnings (SDE)	\$3,850,000	\$4,825,000	\$6,025,000
Less Fair Market Salary & Payroll Tax	250,000	250,000	250,000
Adjusted EBITDA	\$3,600,000	\$4,575,000	\$5,775,000

Adjusted Financial Summary			
Year / Time Pd.	Revenue	SDE	EBITDA
2024	\$15,000,000	\$6,025,000	\$5,775,000
2-yr Avg (2023-2024)	\$13,500,000	\$5,425,000	\$5,175,000
3-yr Avg (2022-2024)	\$13,500,000	\$4,900,000	\$4,650,000

Selected Financial Metrics for FMV Analysis			
Year / Time Pd.	Revenue	SDE	EBITDA
2-yr Avg (2023-2024)	\$13,500,000	\$6,025,000	\$5,175,000
<b>Multiple</b>			<b>3.0x</b>
			<b>\$15,525,000</b>

# AFTER-TAX CALCULATIONS

READY TO GO TO MARKET

Summary (Cash Free/Debt Free)	Amount
Sales Price	\$31,050,000
Less: Transaction Costs	(3,500,000)
Less: Estimated Fed and State Taxes California: 13.3% Federal – Long Term Capital Gains: 23.8%	(11,517,550)
Less: Long-Term Debt on Books as of Close	(1,500,000)
Plus: Net Working Capital Over/(Under)	(2,000,000)
Plus: Cash in Bank as of Close	3,000,000
<b>Total Cash in Hand After Close</b>	<b>\$15,532,450</b>

# EBITDA CALCULATION

NOT READY TO GO TO MARKET

SOURCE: P&LS, PROVIDED BY SELLER

BASIS: ACCRUAL

	2022	2023	2024
Total Revenue	\$8,000,000	\$6,000,000	\$5,000,000
Cost of Goods Sold	2,000,000	3,000,000	2,500,000
Gross Profit	6,000,000	3,000,000	2,500,000
Operating Expenses	3,000,000	2,000,000	2,000,000
Net Income	\$3,000,000	\$1,000,000	\$500,000
<b>Addbacks</b>			
Non-Operating Expenses	500,000	450,000	500,000
One-Time Expenses	250,000	250,000	200,000
Owner Related Expenses	100,000	75,000	100,000
Total Addbacks	\$850,000	\$775,000	\$800,000
Total Seller Discretionary Earnings (SDE)	\$3,850,000	\$1,775,000	\$1,300,000
Less Fair Market Salary & Payroll Tax	250,000	250,000	250,000
Adjusted EBITDA	\$3,600,000	\$1,525,000	\$1,050,000

# ADJUSTED FINANCIAL SUMMARY

NOT READY TO GO TO MARKET

	2022	2023	2024
Total Seller Discretionary Earnings (SDE)	\$3,850,000	\$1,775,000	\$1,300,000
Less Fair Market Salary & Payroll Tax	250,000	250,000	250,000
Adjusted EBITDA	\$3,600,000	\$1,525,000	\$1,050,000

Adjusted Financial Summary			
Year / Time Pd.	Revenue	SDE	EBITDA
2024	\$5,000,000	\$1,300,000	\$1,050,000
2-yr Avg (2023-2024)	\$5,500,000	\$1,537,500	\$1,287,500
3-yr Avg (2022-2024)	\$6,300,000	\$2,308,000	\$2,085,000
Selected Financial Metrics for BOV Analysis			
Year / Time Pd.	Revenue	SDE	EBITDA
2-yr Avg (2023-2024)	\$5,500,000	\$1,537,500	\$1,287,500
<b>Multiple</b>			<b>3.0x</b>
			<b>\$3,862,500</b>

# AFTER-TAX CALCULATIONS

NOT READY TO GO TO MARKET

Summary (Cash Free/Debt Free)	Amount
Sales Price	\$3,862,500
Less: Transaction Costs	(365,000)
Less: Estimated Fed and State Taxes California: 13.3% Federal – Long Term Capital Gains: 23.8%	(1,430,000)
Less: Long-Term Debt on Books as of Close	(250,000)
Plus: Net Working Capital Over/(Under)	(200,000)
Plus: Cash in Bank as of Close	500,000
<b>Total Cash in Hand After Close</b>	<b>\$2,117,500</b>

# EXIT ENGINEERING PROCESS



# TRANSACTION PROCESS

## ROAD MAP (8-13 MONTHS)

### PREPARATION (1-2 MONTHS)

- Collect, review & compile company information
- Agree on strategy
- Prepare marketing materials



### GO TO MARKET (1-2 MONTHS)

- Build data vault
- Prepare list of strategic & financial buyers
- Obtain NDA



### NEGOTIATIONS (4-6 MONTHS)

- Vet buyers
- Identify buyer
- Negotiate terms & structure



### ESCROW & CLOSE (2-3 MONTHS)

- Due diligence
- Collaborate with financing, legal & tax partners.
- Close & transition

### ASSESS



Valuation  
Owner Readiness  
Business Readiness  
Market Readiness

### DESIGN



Determine pain points  
Define the WIN  
Build the Plan  
Develop Strategy

### IMPLEMENT



Partner with Owner(s)  
Collaborate with Leadership  
Manage Due Diligence  
Execute the Plan

### TRANSITION



Conduct Transaction  
Manage Crisis  
Evolve Beyond Owner  
Advance Business Life  
Cycle

# WHAT IS YOUR 'AHA' MOMENT?

WORKBOOK PAGE 12



Please take a moment to complete the session survey provided to you.

**2025 SMACNA ANNUAL CONVENTION**

A decorative illustration at the bottom of the slide. On the left, there are dark brown mountains with some green foliage. In the center, there are stylized waves in shades of blue and green. On the right, there is a large, vibrant pink and white hibiscus flower. The background of the illustration is a light yellowish-orange.