
MAY THE FORCE BE WITH YOU
'Getting Better All The Time – Building Transferrable Value — "The Hyperdrive to Value Creation"
MARCH 11-14, 2026 | TUCSON, AZ
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THE GREAT OWNERSHIP TRANSFER

Small businesses are the backbone of the U.S. economy. They represent:

- 99% of companies
- 60+ million jobs
- ~35% of business revenue

By 2035:

- ~ 6 million small and mid-sized businesses will change ownership
- Over 1 million viable businesses could be sold
- Representing up to $5 trillion in enterprise value

If transitions fail:

- Jobs disappear
- Communities weaken
- Local wealth evaporates

But if transitions succeed:

- Up to 12 million jobs could be preserved
- $250B in local economic activity protected

We are in a **period that will define the future of small business.**
Planning will facilitate **successful transition** and **economic continuity.**

IT'S A PLAN

Today's Agenda

Beating The Odds

Current Value vs. Potential Value of Your Business

Discussions You Must Have Now

Plan, Plan and Plan Some More

What's Next?

YOUR JEDI LEADERS

RON "KENOBI" MILLER

1 Business owner in pharmaceuticals, plastics, metals, wood manufacturing

2 **19** M&A transactions as owner, shareholder, CEO before founding Investment Banking firm - over **75** M&A career transactions

3 Shareholder of **3** family businesses - good and not-so-good experiences

4 Advisor helping owners recover, create, realize or transfer value of enterprise they have built

ERIC "SKYWALKER" GREEN

1 Naval officer, CEO, seller of my business

2 Investment banker, buyer of businesses

3 Private equity funds, waterboarded, daughters

THE POWER OF THREE

The Eventual Transition

1. Sale to a **Third Party** - ***optimizes for price and liquidity***
2. Transition to **Family** - ***optimizes for legacy and continuity***
3. Transition/Sale to **Employee(s)** – ***optimizes for culture and stewardship***

Every transition path has a structural risk:

1. Third-party sale → ***cultural and integration risk***
2. Family transition → ***capability and governance risk***
3. ESOP → ***governance, leverage, and liquidity risk***

None are inherently bad. But **all** require **intentional preparation and thoughtfulness.**

I HAVE A BAD FEELING ABOUT THIS

76% of people regret selling their business – expressing profound regret within one year of exiting
–The Exit Planning Institute

70% -to- 90% of M&A deals fall short of expectations – often due to inadequate preparation and strategic missteps
– Cohn Reznick Insights

70% who sold their companies spent less than two years preparing for the exit – EI Exchange

80% wish they had started earlier
– UBS - Investor Watch

30% family businesses successfully transition to G2
–The Exit Planning Institute

1510 ESOP companies created between 2014-2020
– Cohn Reznick Insights

12% family businesses successfully transition to G3
– EI Exchange

1760 ESOP companies terminated between 2014 -2020
– UBS - Investor Watch

In what ways can we assist clients in getting ready for this **significant life transition**?

THE POWER OF THREE

	1. Sale to Third Party	2. Transition to Family	3. ESOP / Sale to Employees
Primary Objective	Maximize liquidity & value	Preserve legacy & continuity	Preserve culture & independence
Key Advantages	» Highest liquidity potential » Market-based valuation » Clean exit (optional rollover)	» Keeps business in family » Continuity for employees/customers » Phased transition possible	» Rewards employees » Strong cultural continuity » Potential tax advantages
Key Challenges	» Loss of control » Cultural risk » Earn-outs/rollovers	» Lower or delayed liquidity » Family dynamics & conflict risk » Requires strong governance	» Requires deep management bench » Partial/delayed liquidity » Increased leverage
Preparation Emphasis	Transferability, systems, diversification	Leadership readiness, governance, tax planning	Management depth, cash flow stability, compliance
Best Fit When…	No internal successor; liquidity matters	Next gen *wants* and is prepared	Strong team; legacy > liquidity

CASCADE PARTNERS

TRANSITION TO THIRD PARTY

PROS

- Most straightforward in terms of liquidity and understanding
- Personal wealth diversity from significant asset concentration
- “Market Rate” paid by creating a competitive process
- Growth opportunity with new investors – “second bite of the apple”

CONS

- Loss of control – you have a boss for the first time, maybe ever
- Cultural changes for the team
- Emotional and psychological transition

Selling to a third party **can create the tremendous value** but it also **introduces the greatest change**.

TRANSITION TO FAMILY

Successful family transitions

- The next generation **wants** to be **responsible for running** the business
- Are they actually **prepared**?
- Have they been **successful working outside** of the business
- **Experience in critical facets** of business
- Have they been **tested or challenged** in some way
- Have you established a **governance and dispute resolution** process
- Alignment – **same goals**
- What about those who **do not** want to run or be part of the business? (recap)

Takes more preparation than selling to a third party

TRANSITION TO EMPLOYEE(S)

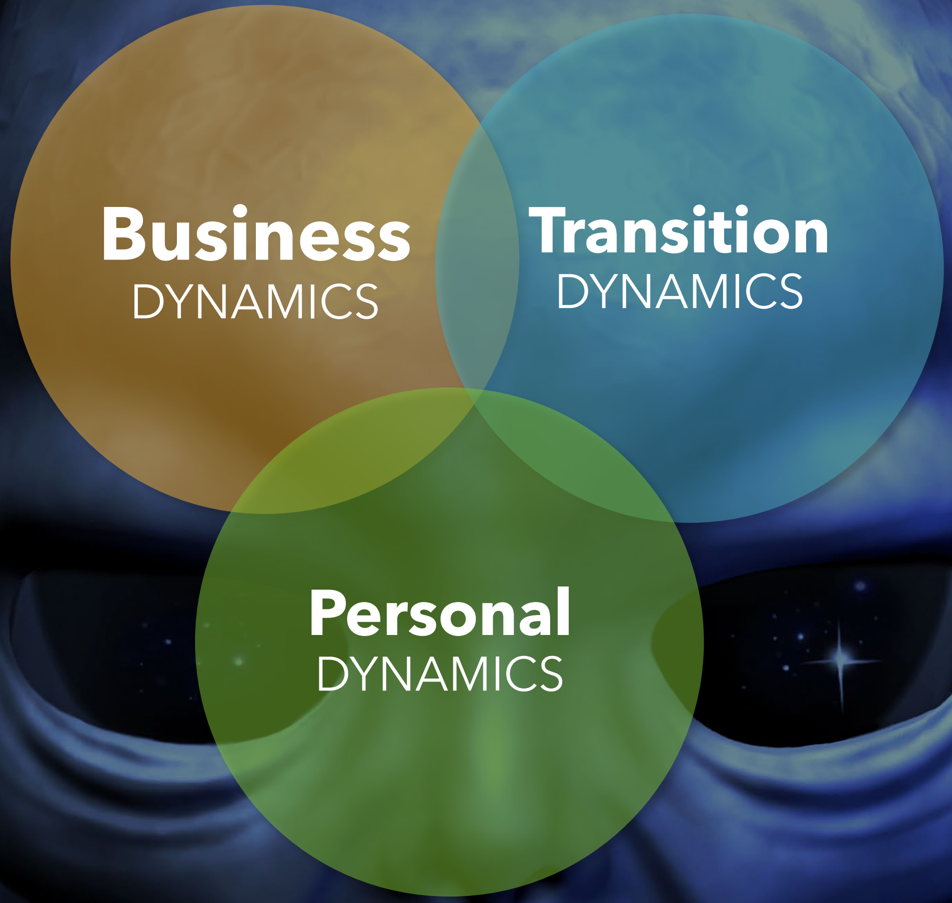
– Possible ESOP

Successful ESOPs work when

- The company has stable, **predictable cash flows**
- **Leadership depth** already exists
- **Retirement repurchase** is well planned
- The business **does not require heavy capital investment** during the debt repayment window
- The owner **values legacy and culture** over absolute price
- The owner is comfortable with a **steward role** rather than a sharp exit

An ESOP is not a shortcut to succession
–it is a leveraged transaction that shifts ownership to employees.
If the leadership and cash flow are not already strong, the structure exposes it.

LUCK HAS NOTHING TO DO WITH IT



Successful transitions are **planned missions**, not **improvised battles**.

USE THE FORCE, LUKE.

Leadership Leadership team readiness and key personnel dependencies

Succession A thorough succession planning

Incentive An incentive plan to retain top employees

TRAIN YOURSELF TO LET GO OF EVERYTHING YOU FEAR TO LOSE

Transfer All daily duties easily transferable

Non-Reliance No financial reliance on personal guarantees

Status Business not dependent on preferred status

IN MY EXPERIENCE THERE IS NO SUCH THING AS LUCK

Forecast Accurate ability to forecast and budget

Segment Profitability by customer, product, market

Controls Documented fraud and audit controls in place

Scale Implemented financial systems in place to support growth

Business Dynamics – Business Plan

THIS IS THE WEAPON OF A JEDI KNIGHT. NOT AS CLUMSY OR RANDOM AS A BLASTER.

Vision Compelling and realistic 3- to 5-year strategic growth plan

Proforma Supporting financial models based on unit economics

KPI Established key performance indicators to support vision and proforma

Ops Review all business-related risks and protections including legal, compliance and policy protections

Business Dynamics – Customer Diversification

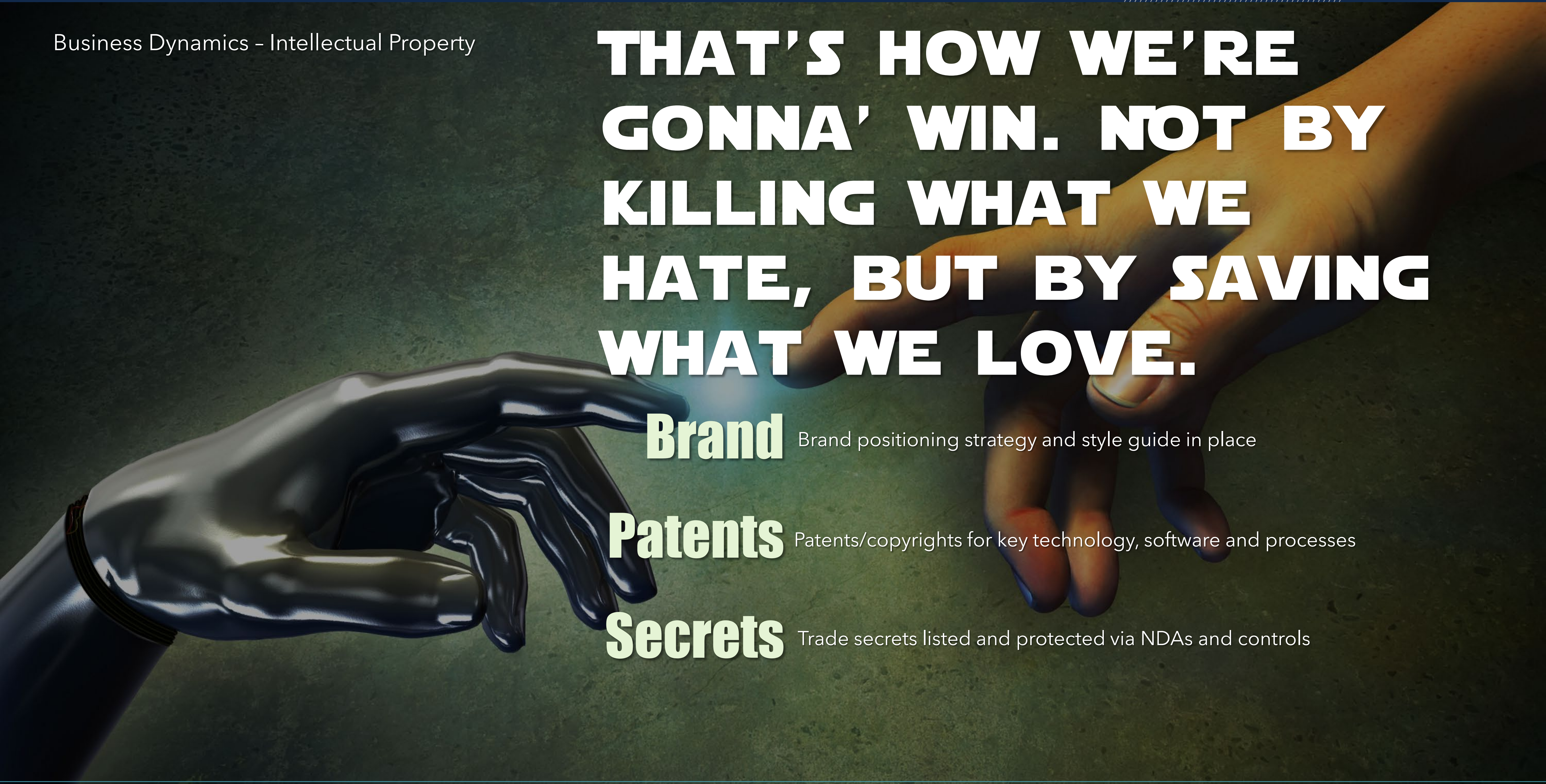
Limited reliance (10% or less) on one customer **10%**

Change of control provisions **Transferable**

Strong retention of customers over time **Loyalty**

I FIND YOUR LACK OF FAITH DISTURBING

Business Dynamics – Intellectual Property



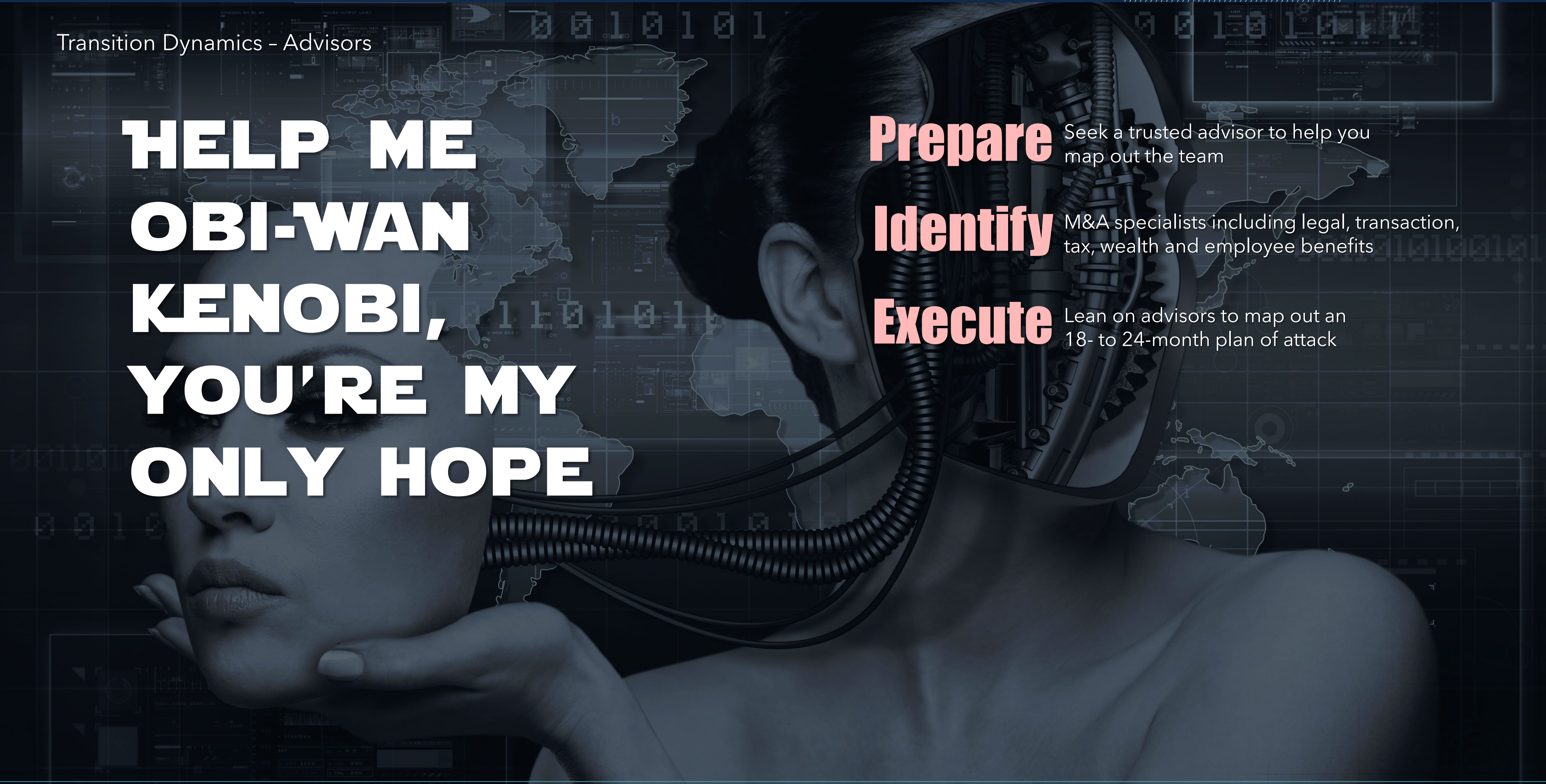
THAT'S HOW WE'RE GONNA' WIN. NOT BY KILLING WHAT WE HATE, BUT BY SAVING WHAT WE LOVE.

Brand Brand positioning strategy and style guide in place

Patents Patents/copyrights for key technology, software and processes

Secrets Trade secrets listed and protected via NDAs and controls

Transition Dynamics – Advisors



HELP ME OBI-WAN KENOBI, YOU'RE MY ONLY HOPE

Prepare Seek a trusted advisor to help you map out the team

Identify M&A specialists including legal, transaction, tax, wealth and employee benefits

Execute Lean on advisors to map out an 18- to 24-month plan of attack

DO. OR DO NOT. THERE IS NO TRY.

Start = End Begin with the end in mind and backward plan

Buyers Interview the buyers as they will be your partners in short order

Lighthouse Define the "right" deal for you and refer to this guidepost throughout the deal negotiations

Personal Dynamics – Mental Preparation

IN A DARK PLACE WE FIND OURSELVES, AND A LITTLE MORE KNOWLEDGE LIGHTS OUR WAY.

Personal Dynamics – Planning and Community

STAY ON TARGET

Anticipate both highs and lows

Learn from the experiences of others

Give yourself time for personal transformation

Develop a strategic plan

Join a support network

Look for advice from a coach

Build a healthy relationship with money

Encourage a mindset of curiosity

Prepared for:

PRECISION METALFORMING ASSOCIATION

MAY THE FORCE BE WITH YOU, ALWAYS.

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