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What's Your Exit Strategy and Do You Need One?



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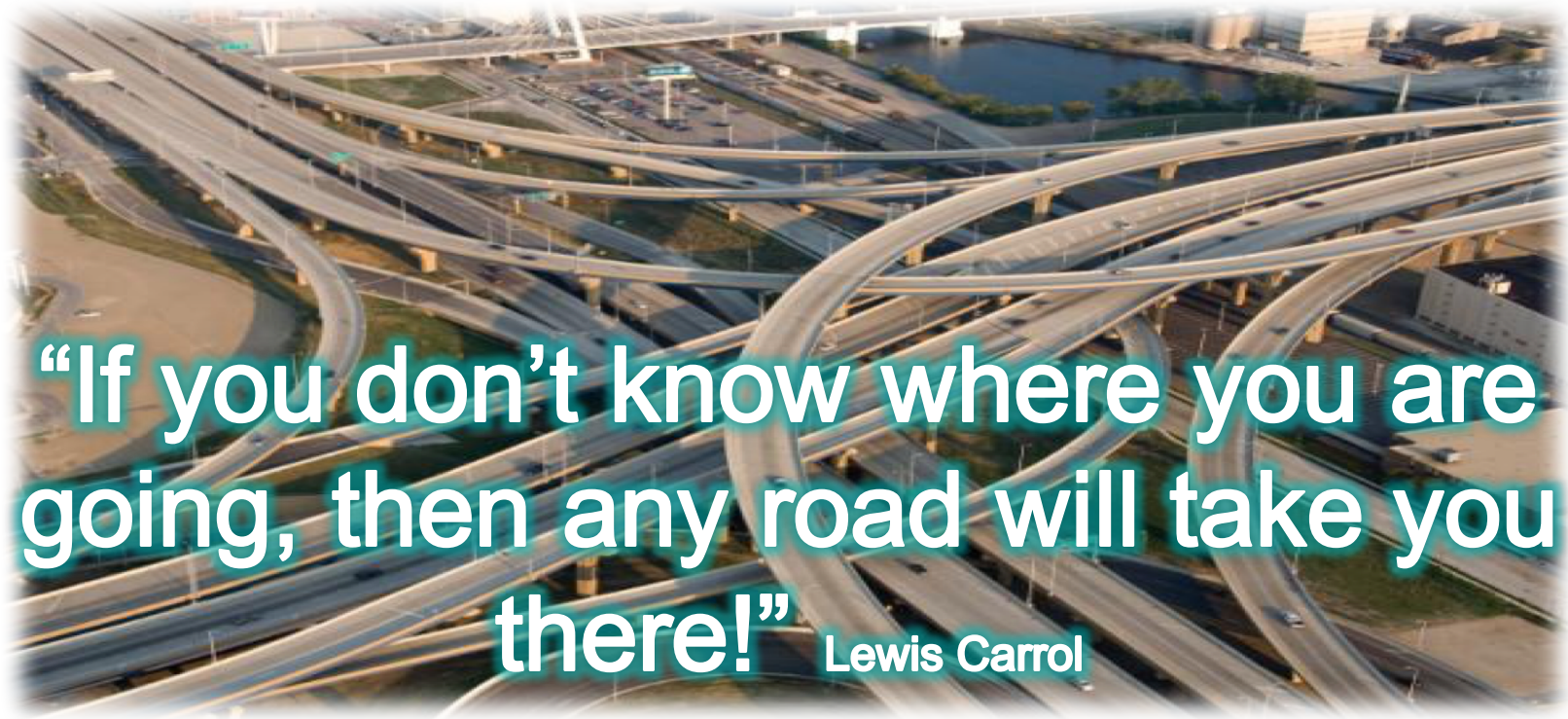
Objectives of Session

- I. Session addresses the key aspects of a comprehensive plan for the future that focuses on:**
 - I. Customers/contracts
 - II. Process and Infrastructure Improvement
 - III. Learning and Growing
 - IV. Finance and Profitability

- II. As a result of attending this session, you will be able to:**
 - I. Assess where your business/program is today
 - II. What is the identified next level of success
 - III. What it takes to get there

- III. This session positions you to:**
 - I. Describe the company vision
 - II. Mission and core values
 - III. Define the strategic goals and operational objectives
 - IV. Communicate the key performance indicators
 - V. Monitor progress and accomplishments

What's your Vision?



“If you don't know where you are going, then any road will take you there!” Lewis Carrol

An Exit Strategy: What You Need To Know And Why

- A business' exit strategy is the method by which a Business Owner plans to leave the business or close the business.
- As a Startup owner – Why think about an Exit strategy?
- Examples of Exit Strategies - going public, selling your company to your employees, business partners, or to the highest bidder, or retiring and handing over your business legacy to your family. Each case will require lots of *different* planning, legal and financial advice. You may also need to develop a succession plan.

An Exit Strategy: What You Need To Know And Why (cont.)

- *An Exit Strategy will take time* and may evolve over time. But you need to start in one direction and adjust course as necessary.

Thought Questions?

- 5 years from now, what does success look like to you?
- What trophy do we want on your mantle?
- How do you know today if you have been successful?
- If energy and resources were free, what would we do differently in your business?
- What are the implications of this decision 10 minutes, 10 months, and 10 years from now?
- Do we have the right people on the bus

Business Plan vs. Strategic Plan

- **A Business Plan and a Strategic Plan are similar but different.**
- **A Business Plan is usually developed at the start of a business and required by investors, lenders and certain agencies for certifications. It can also be used to implement business unit plans to support the larger corporate strategic plan.**
- **A Business Plan describes the “who” and “what” of the business.**
- **The Strategic Plan describes the “how” and “when.”**
- **The Business Plan explains -**
 - Who is running the business, their qualifications, their experience and value
 - Who is the competition, what products or services they offer and your differentiators
 - Who is your customer, how large is your market, where they are located, what products and services they need and how you will provide the required products/services to them

Business Plan vs. Strategic Plan (cont.)

- **The Strategic Plan describes :**
 - **How** will you measure success? What metrics are important and how will you track them?
 - **What actions** do you need to take so you can achieve your goals?
 - **What resources** do you need to get there? Personnel, cash, equipment, training, Information systems, etc.
 - **When** will each action occur, who will do it, and when do you need to reach specific milestones?
- **The Strategic Plan is the roadmap for your business**
 - It identifies goals and objectives, tasks, milestones, and steps needed to move the business towards your vision. The strategic plan is used to move the businesses from where they are now to where they want to go in 3 to 5 years. The plan may be broken out into quarters and annual benchmarks.

“A Strategic Plan is updated annually and used to provide focus, direction, priorities and action in order to move organizations from where they are to where they want to be”

Managing Your Business and Strategic Planning

I. Strategic Plan - A strategic plan is a high-level overview of the entire business, its vision, objectives, and value. The crucial components of a strategic plan are:

- I. Vision** - Where does the organization want to be 3 – 5 years from now?
- II. Mission** - The mission statement is a more realistic overview of the company's goals and objectives
- III. Values** – What is your company culture, what are you passionate about, what do you expect each employee to perform, what are your ethics

Managing Your Business and Strategic Planning (cont.)

II. Tactical Plan - The tactical plan describes the tactics the organization plans to use to achieve the goals and objectives outlined in the strategic plan.

I. Specific Goals with Fixed Deadlines

II. Budgets - The tactical plan should list budgetary requirements to achieve the aims specified in the strategic plan.

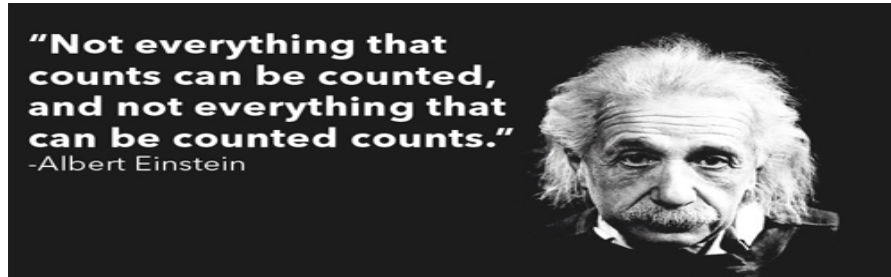
III. Resources - The tactical plan should list all the resources you require to achieve the organization's goals and objectives. This should include human resources, cash resources, personnel and financial systems, etc.

IV. Marketing, Funding, etc. - Finally, the tactical plan should list the organization's immediate marketing, sourcing, funding, manufacturing, retailing, and PR strategy.

Managing Your Business and Strategic Planning (cont.)

- III. **Operational Plan** - describes the day to day running of the company. The operational plan develops tasks to achieve the tactical goals within a realistic timeframe and focuses on short-term objectives.

- IV. **Recommend** that you develop, document and implement strategic, operational, tactical and financial plans using the **S.M.A.R.T.** acronym (*Specific, Measurable, Attainable, Realistic and Timely*) goals.



Managing Your Business and Strategic Planning (cont.)

- V. **Recommend** that you establish corporate Key Performance Indicators and link everyone's annual appraisals to achieving the corporate annual goal and objectives.

Managing Your Business and Strategic Planning (cont.)

Aligning Business Units to Organizational Objectives

Define organizational goals

Identify how each business unit contributes toward reaching organizational goals

Develop strategy to achieve goals within each business unit

Identify bottlenecks and improve inter-connected processes among business units

Align employee performance to maximize business unit support in reaching organizational goals

Ensure that technology investments support organizational goals

Optimize system performance, utilize business intelligence, automate reporting capabilities

Develop performance measures that drive decision making and progress toward organizational goals



Summary – Key Points

- **Begin with the End in Mind**

- Have a clear **Vision** of where you are going, what type of company you want to be, and what you will do when you have achieved your goals or that the time comes for you to Exit.
- Have an **Exit Plan** for investors or partners that want to leave before you are ready to Exit. Have a written agreement for this process and valuating the company in a fair and equitable way.

Summary – Key Points (cont.)

- Review your Strategic Plan on a regular basis to mark your progress
- Provide the necessary resources for achieving your goals, involve your partners and employees at all levels in your planning and hold them accountable for achieving your goals and objective, be transparent and keep them informed of the business progress towards those goals
- Seek the sage advice of mentors and peers – there are many roads to success, follow yours and if it doesn't exist, make one!

Summary – Key Points (cont.)

- **Don't try to do everything yourself!** You may be good at many things, but not everything! Hire people who are smarter or better than you in critical areas of the business. It's OK, you're still the boss! Look for folks who share your values and business goals. Create a well rounded team.
- **Consider giving up equity** in the company for the right partner(s) who can share the work load and risks. Consider a merger with another small company that is similar to yours or adds additional strengths and capabilities. Consider one of the mentor protégé programs, formal or informal.

Summary – Key Points (cont.)

- As the owner of your company, you are the **leader and role model** for your employees. You set the **Vision**, the **Culture** and the **Standard** for what it means to be part of your business. If you are not sure of your **Vision** and convictions then neither will your employees.
- Make sure your employees know that you appreciate their contributions and the sacrifices that they and their families make in growing the business. In many cases, they are the **face** of your company and may be the only ones the customer knows when they think of your company's name. **Everyone** in the company is **important** to a well run company, no matter what their role, from the receptionist to the President, and you need tell them so. **They are your front line!**
- When your business is doing well make sure to share the success with your employees via awards, appraisals, promotions, social events, etc.

Summary – Key Points (cont.)

- **Think About It:** Put yourself in the shoes of an investor, a venture capitalist, or a larger company looking to acquire your company - OR your Employees who might be considering a buyout - OR a family member who will take over if you exit due to health reasons or are just retiring to enjoy the fruits of your labor – the following is the question that must be considered:
- **WHAT WOULD THEY BE LOOKING FOR IN YOUR BUSINESS:** Perhaps - profitability, great employees with experience and proven success record, clean accounting system, backlog of work, low turnover, small indebtedness, good cash flow, good credit, great customer satisfaction, etc.

Summary – Key Points (cont.)

- So don't make your primary focus your Exit strategy but take it into consideration as you plan for the future. *When the time is right, you will know it!*
- *Bottom Line* - Remember, the things you need to do to stay in business and build value in your business are the same things you need to do if you intend to Exit/sell your business.

References

- “Planning in Management: Strategic, Tactical, and Operational Plans,” JUNE 25, 2013 by Kasia Mikoluk
- “An Exit Strategy: What Startup Founders Need to Know,” by Chris Ciko, School for Startups Business Mentor, 10 FEB 2014
- “Startup Exit Strategy: Plan for the Unexpected Term Sheet” by Michel Courtoy, Board Member, Breker Verification Systems, 12/5/2014 03:50 PM EST
- Starting & Managing a Business - <https://www.sba.gov/category/navigation-structure/starting-managing-business>
- “An Exit Strategy: What Startup Founders Need to Know,” by Chris Ciko, School for Startups Business Mentor, 10 FEB 2014

Resources - Recommendations

- **The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It**, Paperback – October 14, 2004 by Michael E. Gerber (Author) – “Gerber draws the vital, often overlooked distinction between working on your business and working in your business.”
- **The Veteran Institute for Procurement (VIP)** is the country’s first-ever program to train veteran service-disabled and veteran owned small businesses to succeed in the federal contracting market. The Maryland Montgomery County Chamber Community Foundation funds this three-day, 27-hour comprehensive training through partners, VIP Sponsors, and is offered at no cost to veteran businesses admitted to VIP.
 - VIP is aimed at veterans who are senior, “C-level” executives of small businesses with about three employees and at least two years in operation. See more at: <http://www.montgomerycountychamber.com/foundation/veteran-institute-procurement#sthash.wcQ8JZym.dpuf>

Resources – Recommendations (cont.)

- **[Starting and Managing a Business](https://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business)** - Small Business Administration - <https://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business>
- **[SCORE Association](https://www.score.org/)** was previously known as the Service Corps of Retired Executives - SCORE is a nonprofit association dedicated to helping small businesses get off the ground, grow and achieve their goals through education and mentorship. They have been doing this for over fifty years. Because their work is supported by the U.S. Small Business Administration (SBA), and thanks to their network of 11,000+ volunteers, they are able to deliver their services at no charge or at very low cost - <https://www.score.org/>
- **The Minority Business Development Agency (MBDA)** - <http://www.mbda.gov/>
- **International Trade Administration** - <http://trade.gov/>

Session Evaluations



SPEAKER/SESSION EVALUATION

Please place the completed evaluation into the evaluation box in the back of your session room or bring it to the registration desk.

SESSION TITLE: _____

Please rate each of the following:	Poor		Fair		Great
Overall Session Rating.	1	2	3	4	5
Session content matches the program description.	1	2	3	4	5
The speaker(s) appeared organized, informed, and delivered effective presentation.	1	2	3	4	5
Would you recommend that this/these speaker(s) return for future presentations?	<input type="checkbox"/> Yes <input type="checkbox"/> No				

**Turn over for additional questions*

SPEAKER/SESSION EVALUATION

Please place the completed evaluation into the evaluation box in the back of your session room or bring it to the registration desk.

What topics most interested you in this session?

What topics do you feel were missing in this session?

Additional comments: _____

Reminder

Please complete the Speaker/Session Evaluation Form located in your program guide and place the form in the basket in the back of the room.



Questions?

Contact Information

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