LONG ISLAND

2018

A LOCAL MARKET STUDY:

The State of Owner Readiness

BENCHMARKING LOWER MIDDLE MARKET BUSINESSES AND EDUCATING OWNERS ON THE DIFFERENCES OF "ATTRACTIVENESS" VERSUS "READINESS"

Exit Planning Institute™

I was born and raised in a small town 30 miles west of Albany, NY. The town was built around schools, a hospital and a main street of family-owned businesses. To this day, I can recall how important the owners of those businesses were to our community. They were our employers, trusted advisors, and the philanthropists we counted on during times of need.

Almost 30 years later, I am a proud Long Islander who has spent the better part of two decades working with business owners, their families and their advisors to help them achieve their personal and professional financial goals.

My deep connection to and appreciation of business owners is the reason I became a Certified Exit Planning Advisor, and it's why I lead the effort to undertake a "State of Owner Readiness Survey" on Long Island.

We have pride in the knowledge that Long Island's economy was built by privately held businesses. Through hard work and determination, these business owners and their families became our most influential community leaders, employing thousands of workers and regularly donating back to our schools, hospitals and other philanthropic efforts and organizations.

We would like to see their legacy continue.

Over the past 20 years, I have seen too many owners and their families struggle to maintain the wealth built through their businesses because they lacked the resources and guidance to thoughtfully grow, efficiently transition, and prudently maintain their lifestyle and wealth-transfer objectives.

In the coming decade, we can expect business transitions to grow steadily, along with the demand for advisors who are experts in working with business owners. Most business owners have a significant portion of their total net worth tied up in their business. A

successful transition will be required to meet their future financial goals and objectives. This takes focused planning.
Insufficient planning can have serious — if not disastrous — consequences. Millions of dollars lost, trusted relationships destroyed, bitter family feuding and a life's work gone forever due to poor planning — or no planning at all.

This does not have to happen. One of the key insights in this research work is that owners don't feel ready to transition out of their business. Their path to owner independence is not as clear as they would like it to be. Our Long Island Business Owner Readiness Survey shows that only 40% of business owners in Long Island indicated they were ready for a business transition and had determined the amount of money needed to fund their future plans.

BNY Mellon Wealth Management, the Long Island Chapter of the Exit Planning Institute and the Business Owner Advisory Council of Long Island are committed to changing this outcome.

This comprehensive report demonstrates that the next 10 years will be critical years for Long Island, its businesses, their owners and advisors.

Proven and disciplined processes, collaboration among a team of subject matter experts, the guidance of an advisory-team leader, and the commitment and cooperation of the owner will allow us to achieve owner independence and maximize business valuations.

Join the #investinplanning movement and ensure that business owners can continue to build a legacy in our community.

Daniel C. Shaughnessy, CEPA
Senior Wealth Director, BNY Mellon Wealth Management

THE STATE OF OWNER READINESS 2018 LONG ISLAND REPORT

SURVEYED BY: Stony Brook University
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Survey Overview

In 2017, the Center of Entrepreneurial Finance at Stony Brook University, in partnership with BNY Mellon Wealth Management and the Exit Planning Institute (EPI), conducted a business owner readiness survey in the Long Island region. Its purposes were threefold: first, to estimate the state of readiness for business owners seeking to unlock the wealth accumulated in their business; second, to compare the Long Island results to EPI's national survey; and third, to highlight specific areas where business owners can improve their levels of readiness and their business advisors can work on the process of a business's transition.

Roughly six million privately held companies are operating in the United States, with approximately $30 trillion in sales. According to US census data, 63% of these are owned by baby boomers who range in age from 54 to 72 years, with an average age of 63. Although baby boomers are holding onto their businesses for a longer period, within the next 17 years, all boomers will reach the age of 70. That represents nearly four million boomer businesses poised to transition. Assuming a business valuation of 50% of sales, which is reasonable by most standards, this represents $10 trillion of wealth due to change hands.

Unlocking business wealth should be of paramount importance to all business owners, if for no other reason than **most owners keep 80–90% of their financial assets in the business itself**. Given the significance of this asset in owners' wealth portfolios, the ability to monetize at some point will have a significant impact on owners' financial security and lifestyle once they exit the business.

The significance of business asset transition goes beyond the owners and their families. Failure to provide for the continuity of the business not only affects owners' personal wealth and that of their families but also that of other stakeholders who depend on successful transitions. "The business owner is the giver of life," according to Leon Danco, a legendary expert on family businesses, in a book entitled *Beyond Survival: A Guide for Business Owners and Their Families*. With roughly six million privately held companies in the United States representing around $30 trillion in sales and $15 trillion in wealth, continuity of privately held businesses affects not just their families but also their employees, vendors, customers, charities, and communities, where the owner provides jobs and economic and social well-being.

What happens if a business does not successfully transition? The alternative is that the business simply shuts down. People lose their jobs, families and communities suffer, and, in many cases, the owner's life's work is liquidated for pennies on the dollar. Surveys conducted by the EPI; PricewaterhouseCoopers; the Alliance of Mergers and Acquisitions; Tom West, founder of Business Broker Press; and the Family Firm Institute have determined that, nationally, **transition success rates tend to be in the range of only 20–30%**.

The mission of BNY Mellon Wealth Management, EPI, and all certified exit planning advisors worldwide is to change this outcome. The beauty is that we have models (after all, 20–30% of businesses do successfully transition) that can be emulated by business owners who decide that a successful business transition is in their future.

The significance of this is becoming more urgent as baby boomers, who own nearly two-thirds of privately held businesses, face the inevitable condition of aging. Boomer-owned businesses represent roughly $20 trillion in sales and $10 trillion of wealth in the United States alone. Even though boomers are holding onto their business longer than previous generations, they must face the reality that preparing for a business transition is an urgent imperative, that transitioning a business is a high-stakes endeavor, and that, for many, this once-in-a-lifetime process can take significant focus, action, and time to do properly.

The right approach to a business transition can have crucial benefits. For many owners, their business represents the majority of their wealth. If the average middle market business, which we define as a business with sales between $5–100 million and holding an average market value of $8.5 million, successfully transitions, assets at transition could go from $2.1 million to $10.6 million in pretax wealth. Even at an aggressive rate of 6% a year, the difference in pretax income is $510,000 ($637,000 v. $127,000) per year.

For smaller markets, the consequences are even more compelling. In the micro market, which we define as those businesses that do less than $5 million in sales per year, the average business value is just over $300,000. Most businesses are owner operated, meaning the owners derive almost all of their income from the business. Roughly 5.7 million (94%) of the six million privately held businesses fall into this category. Assuming that, for many, 80% of their wealth is locked up in the business, successfully monetizing their business asset could be the difference between $400,000 at transition as opposed to $100,000.

To successfully transition, business owners must address three things: maximizing transferable business value as long as they hold onto it while positioning a successful transfer upon exit so that they can harvest the wealth locked in the business; preparing financially for a lifestyle without the income from the business; and planning personally for what they will do (their third act) after exiting the business.

The State of Owner Readiness Research

Like business owners in other regions, **business owners in the Long Island region have a low level of readiness for transition**. This report illustrates the need for educating business owners and advisors on how to successfully transition a business.

It is important to note that **survey answers reflect owners' perceptions**. Although such answers may be factual, the responses may be subjective and influenced by the human tendency toward biased judgments. Nevertheless, the data are useful for estimating a typical owner's state of mind, from a personal and financial standpoint, when it comes to transitioning. Owners would be wise to consider obtaining a personal, financial, and business assessment to augment their own perceptions and business valuation. They will then avoid surprises when the time comes to transition the business. This is also necessary for estate and personal financial planning.

We know from past studies that successful transition rates in the United States are 20–30%, far below what would be necessary from a healthy economic and social standpoint. Some responses to these surveys reflect the reasons for why that is. Others may represent an owner's misunderstanding or underestimation of what it takes to successfully transition. In other words, **owners may simply not know what they do not know**, implying some relevant education is lacking.

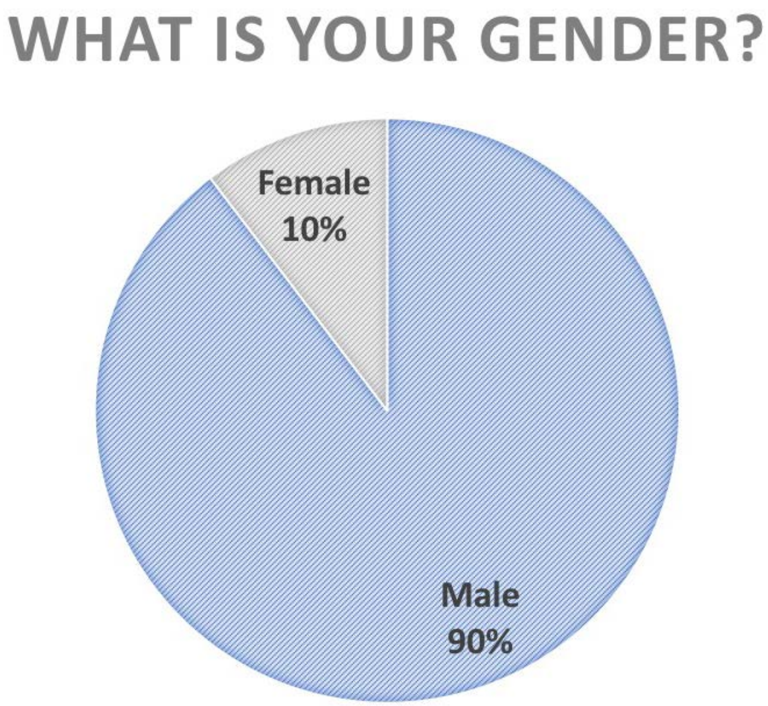
The purpose of this data is to create awareness that will initiate discussions between business owners and advisors to identify areas where education and assistance are urgently needed. Results should be reviewed with business owners to begin the process of understanding their particular situation, educating them on the critical success factors, and determining the probability of having a successful transition.

This report is divided into three sections: Section 1 provides demographic information on Long Island survey participants and compares it to national surveys conducted by the EPI in 2013 and 2014. In Section 2, we offer descriptive statistics of the data and make observations about what this may mean for the business owner. In Section 3, we recommend actions that business owners and advisors can take to improve the chances for a successful transition and for capturing owners' hard-earned wealth.

Surveys were distributed and received 102 responses. The survey included 40 questions organized as follows:

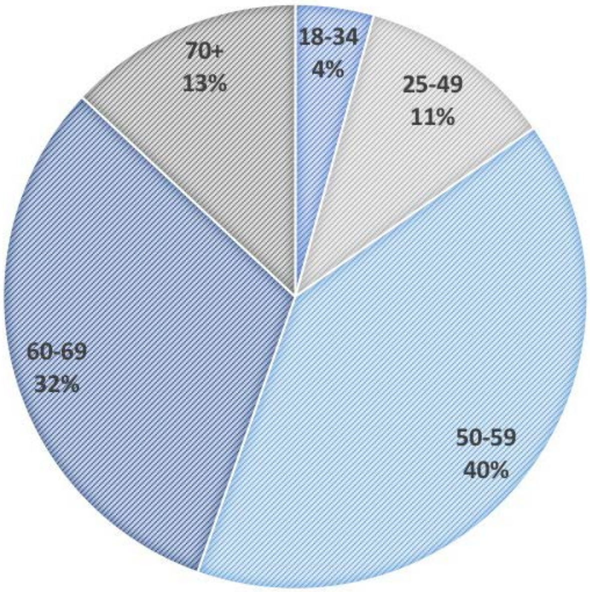
- Demographic information (age, gender, annual revenue, legal structure, industry, most trusted advisor, etc.)
- Current transition plans and thoughts
- Owner, shareholder, family, and company readiness to transition

Section 1 – Demographic Data



OWNER CHARACTERISTICS: The majority of business owners who participated in our survey were male (89.66%) and Caucasian (92.50%). Of these, 66.31% had a bachelor's degree or higher. The participants were less diverse than those who participated in the 2012 Survey of Business Owners conducted by the US Census Bureau.

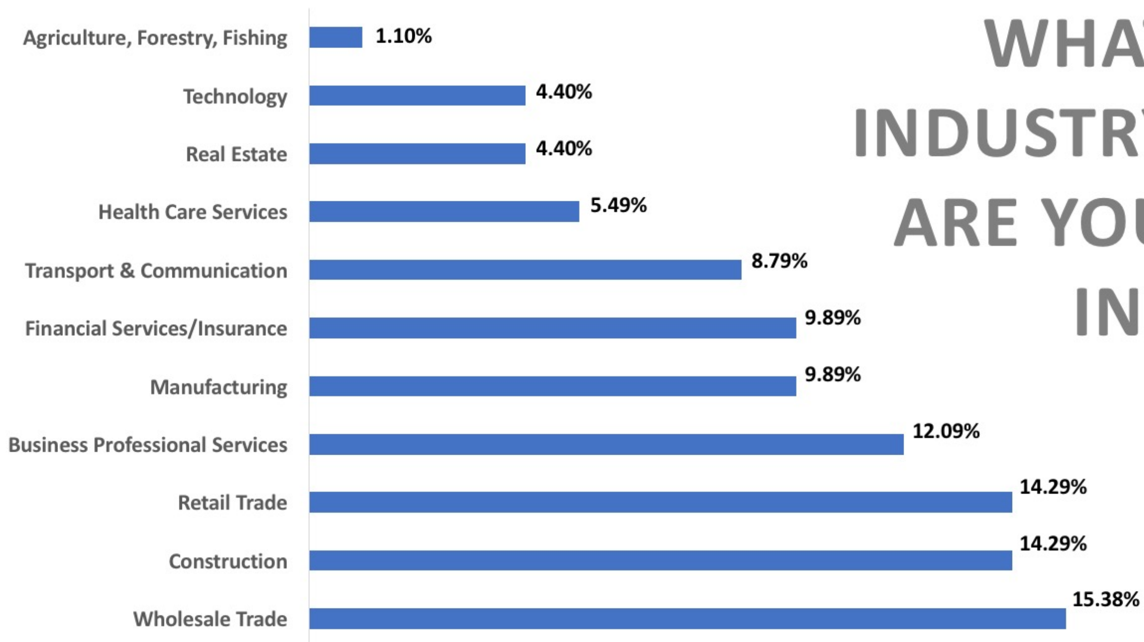
WHAT IS YOUR CURRENT AGE?



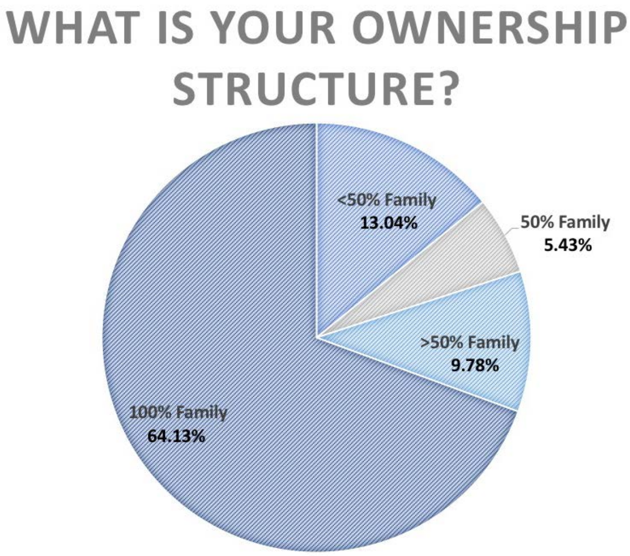
OWNER AGE: Of the Long Island sample, 84.78% were 50 years of age or older (i.e., baby boomers). As such, they were older on average than the participants in the Census Owners Survey, which indicated that 63% of all privately held businesses were owned by boomers. As owners age, a successful business transition may become their most valuable asset.

BUSINESS SIZE: Of these participants, 43.48% had sales of less than $5 million, 46.74% had sales in the range of $5–100 million, and 9.79% had sales of $100 million or more. The Greater Long Island data lean more heavily toward businesses above $5 million in sales versus the national census data, which reported that of the six million privately held operating companies, 94% did $5 million or less in sales, 5.8% did between $5 to $100 million, and only 0.2% did over $100 million in sales.

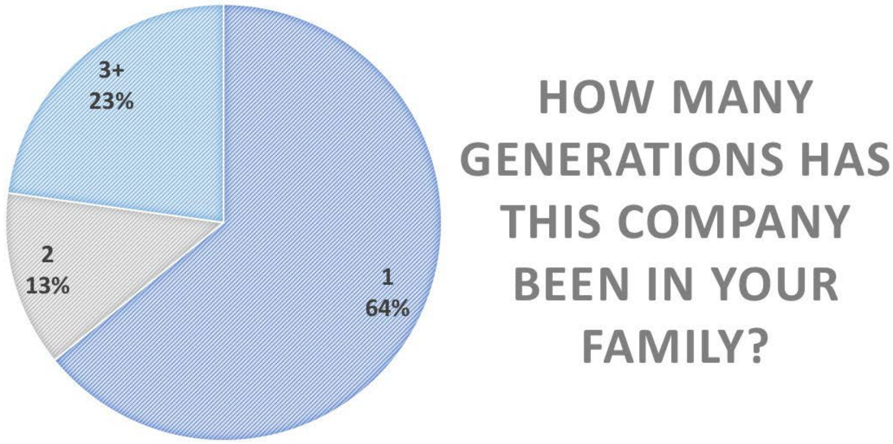
WHAT INDUSTRY ARE YOU IN?



INDUSTRY BREAKDOWN: Over half of these businesses (56.05%) were concentrated in four industries: wholesale trade, construction, retail trade, and business professional services.

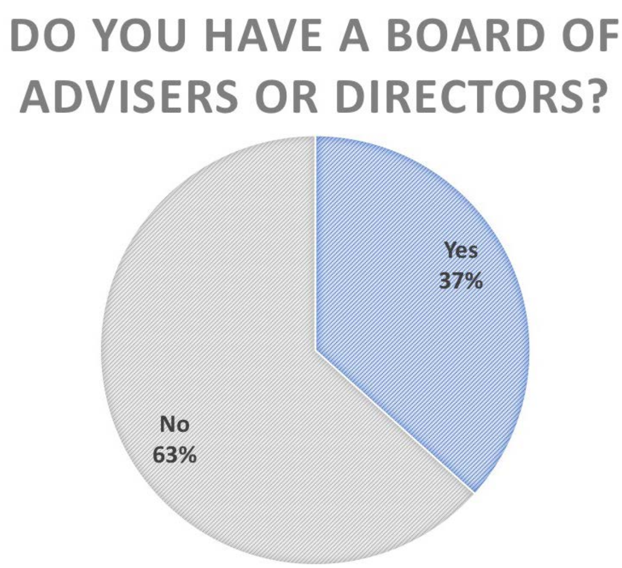


FAMILY OWNERSHIP: Of these businesses, 73.91% were family controlled, with 64.13% first generation owners. The demographic information is relevant to understanding the study results. In general, the Long Island business owners in our sample were older, managed larger businesses, and had about the same degree of family ownership as those in previous surveys.

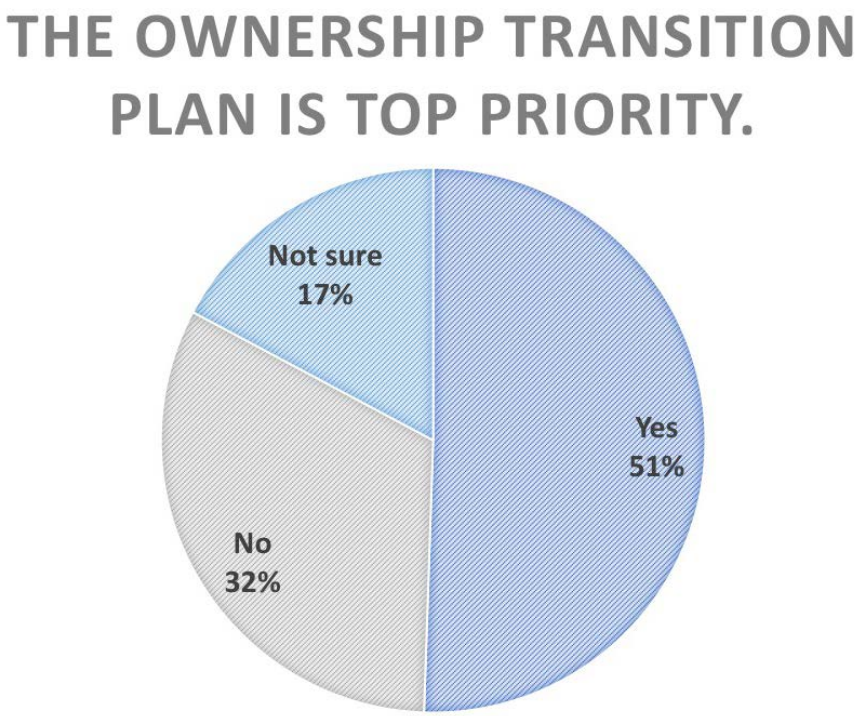


Through informal interactions with owners who participate in its chapter events, the Exit Planning Institute (EPI) has found that, contrary to what readers might expect, younger owners are more receptive to the concept of exit planning. EPI has learned that younger owners tend to view "exits" as a step to monetizing their investment and, because they are younger, view the exit process as a means of cashing out so that they can do it all over again. In contrast, older owners, particularly boomers, tend to view an exit as their last hurrah and have greater issues given a lack of personal planning regarding what to do next and suffer greater fear about the loss of their identity, which is closely aligned with the business itself.

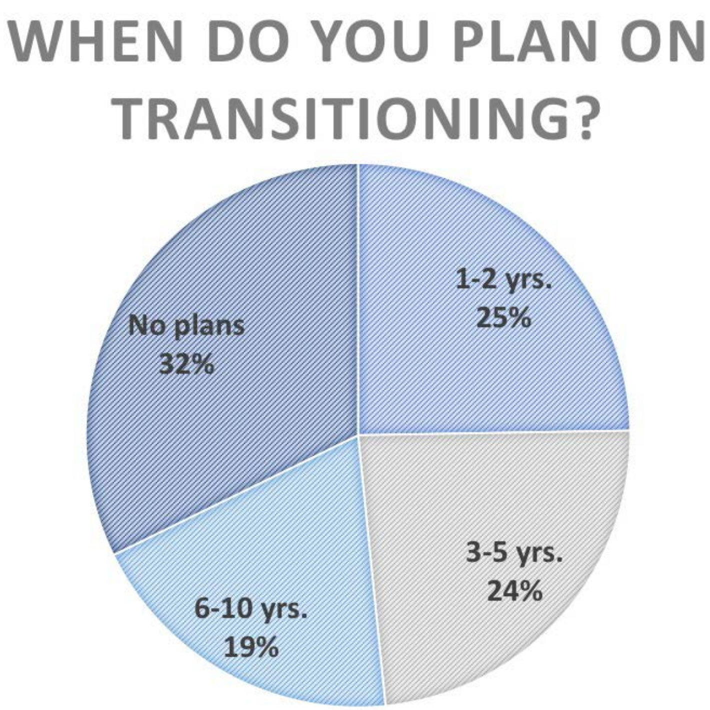
The Long Island sample participants had some access to outside resources, with over a third (36.67%) retaining a board of advisors that might include nonfamily members. This was surprising, given that larger businesses have a tendency to include a greater use of outside nonfamily advisors, who may provide guidance on value creation to owners.



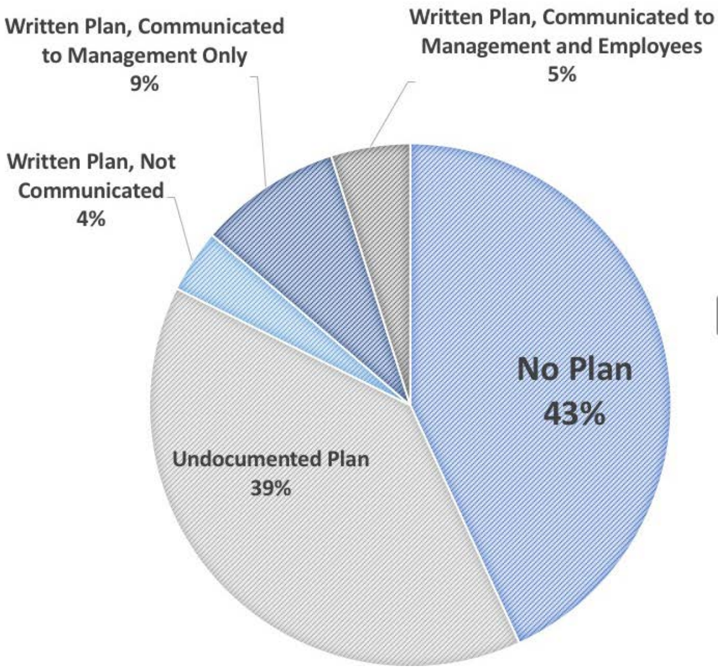
The use of an outside board ranged from 8% to 50% in previous surveys conducted by the Exit Planning Institute.



What does it all mean? For business owners, it means that 50.05% agreed that an ownership transition plan "is a top priority." In general, only half the sample of Long Island business owners internalized the value of a transition strategy. The Long Island business owners felt much less strongly about the importance of having a transition strategy than in previous surveys conducted by the EPI, where 60% to 96% agreed or strongly agreed that having a transition strategy was important to their future as well as the future of the business. The following observations bear this out.



Just over 32% of the business owners indicated they had no plans to transition. This is less than the average of 39% from previous surveys, meaning more owners in the Long Island survey had made up their mind to exit within 10 years. Nearly 68% of the business owners (versus an average of 61% of all previous surveys) indicated that they were planning to transition within the next 10 years, and just over 48% in the next five years.

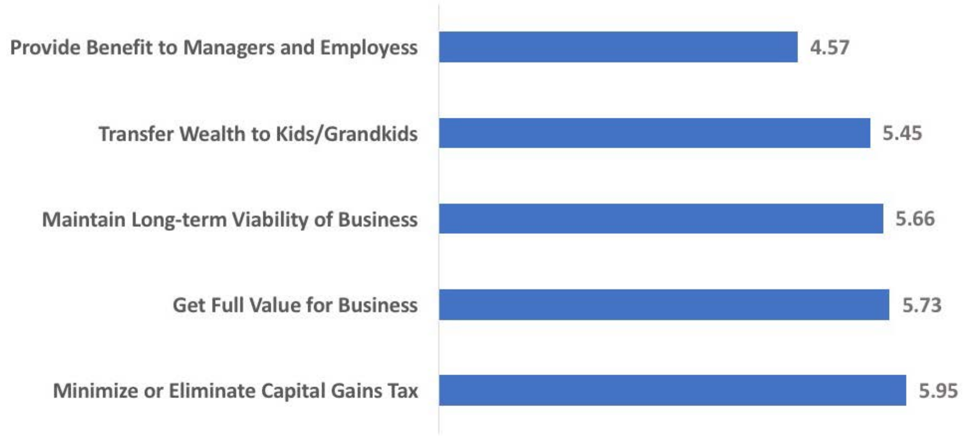


WHAT BEST DESCRIBES YOUR COMPANY'S TRANSITION PLAN?

Although only 17.64% indicated they had a written transition plan, this was in alignment with the average from previous surveys of 19%. On a positive note, more Long Island business owners indicated they had a plan, even though it was not written nor communicated (39.22%). This was better than the 34% presented in the national survey and the average of 27% from all previous surveys. Still, many (43.14%) stated they had no plan at all. This was nevertheless better than the 49% presented in the national survey and the average of all previous surveys of 54%.

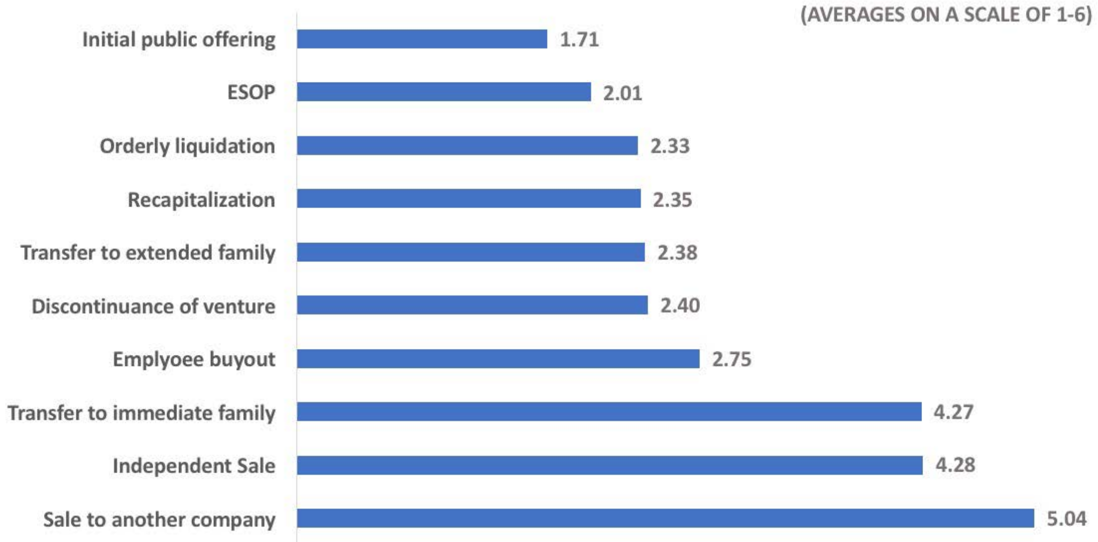
Confidentiality is still paramount. The owners did not feel the plan needed to be shared with management or employees. Only 4.90% stated they had a formal written plan that had been communicated to both management and employees.

WHAT DO YOU WANT TO ACCOMPLISH AS PART OF THE TRANSFER OF YOUR BUSINESS? (AVERAGES ON A SCALE OF 1-6)

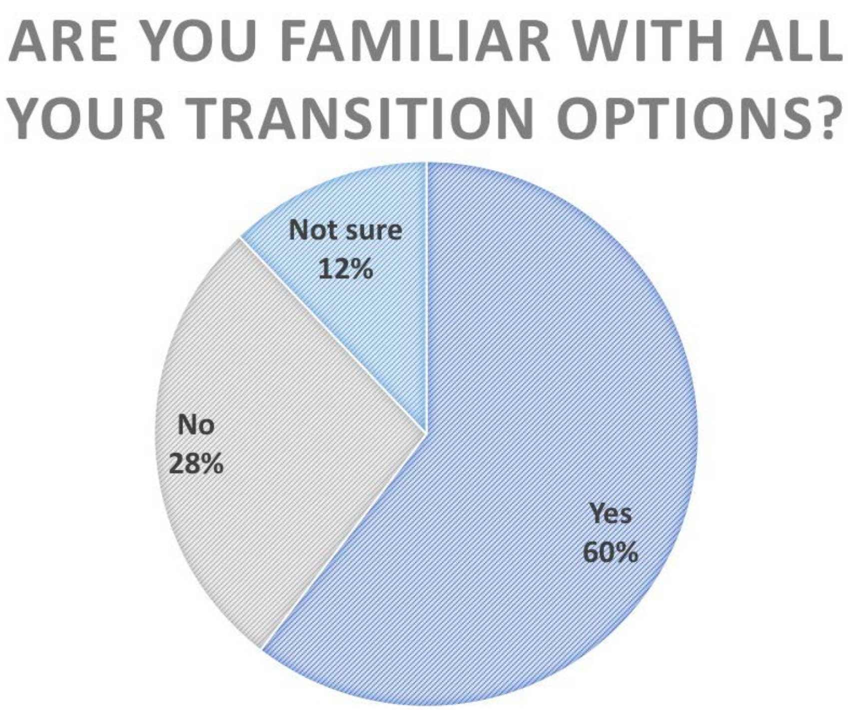


When asked to indicate what they wanted to accomplish in the transfer of their business, owners suggested their top preferences were to "minimize or eliminate capital gains tax" and "get full value for my business." These were followed by intrinsic motivators such as "maintain the long-term viability of the business," "transfer wealth to my children or grandchildren," and "provide benefit to my managers and employees." This pattern suggests that a typical business owner is more motivated by extrinsic motivators than intrinsic ones.

LIKELIHOOD OF TRANSITION OPTIONS

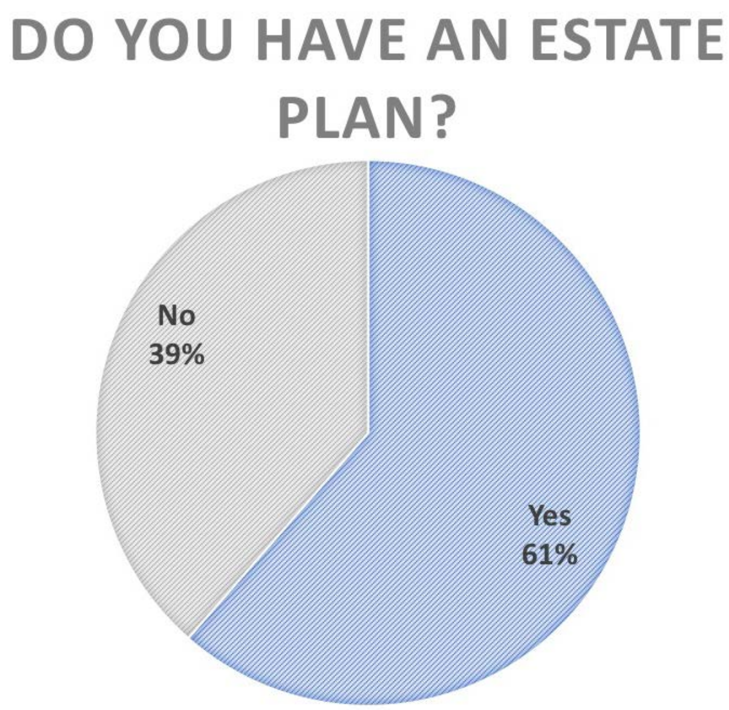


The above findings seem to be quite robust. When requested to indicate the likelihood of various exit strategies, business owners continued to overestimate the likelihood of exit options related to extrinsic motivators. They suggested that the most likely strategy was “sale to another company” followed by “independent sale (selling to an individual)” and “transfer ownership to immediate family member.” They indicated their least likely exit strategies were “liquidation of assets,” “transfer ownership to employees/employee stock ownership plan” and “initial public offering.”

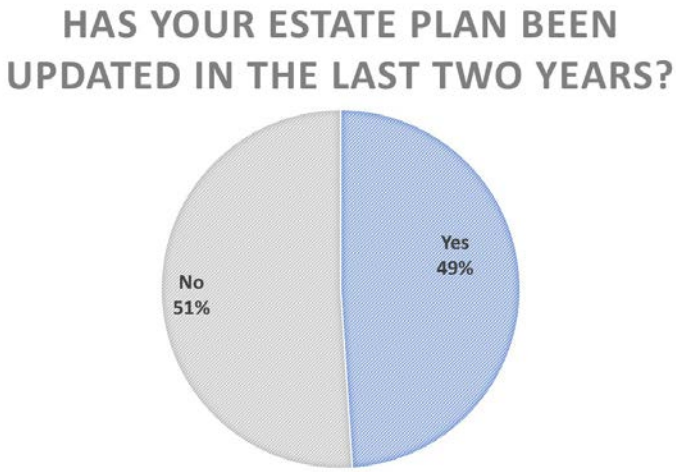


Perception versus Reality

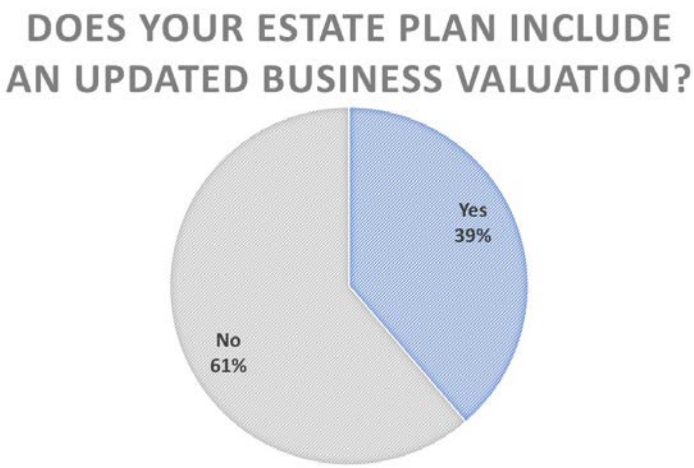
Asked if they were familiar with all exit options, 39.56% of owners said "no" or "not sure." Although much better than the average (65%) of all previous surveys, being unaware of all exit options means that owners risk leaving money on the table when they exit.



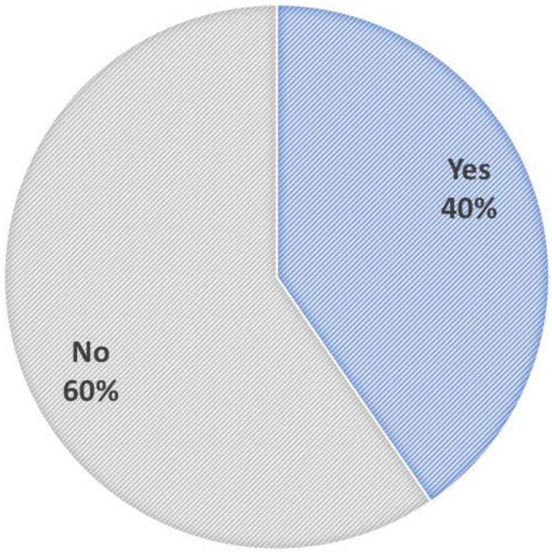
Although estate planning in general was stronger in this market, there still appeared to be confusion whether estate and financial planning were needed. The question pertains to the comprehensiveness of a plan, given the size of the owner's portfolio. A total of 38.54% of respondents indicated they had no estate plan, whereas 61.46% did. However, only 48.96% said their estate plan had been updated in the last two years, whereas 61.29% indicated their plan did not include an updated business valuation.



It is well recognized that many financial planners indicate that, for most business owners, business value accounts for 80–90% of a privately held business owner's net worth. If they are not current and do not include an updated business valuation, the accuracy of estate plans is at best questionable, which was the case for more than half of those owners who said they had an estate plan.



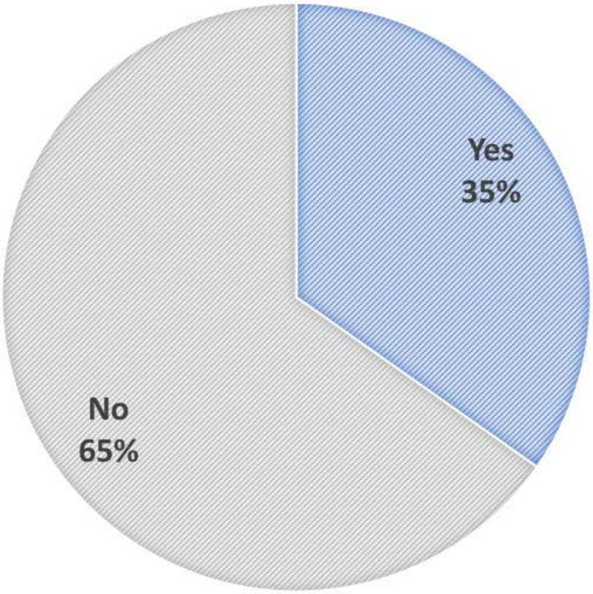
HAVE YOU DETERMINED WHAT YOU NEED TO NET TO FUND YOUR LIFE POST-TRANSITION?



Nearly 60 percent stated they had not determined how much they would need to get from a sale of their company.

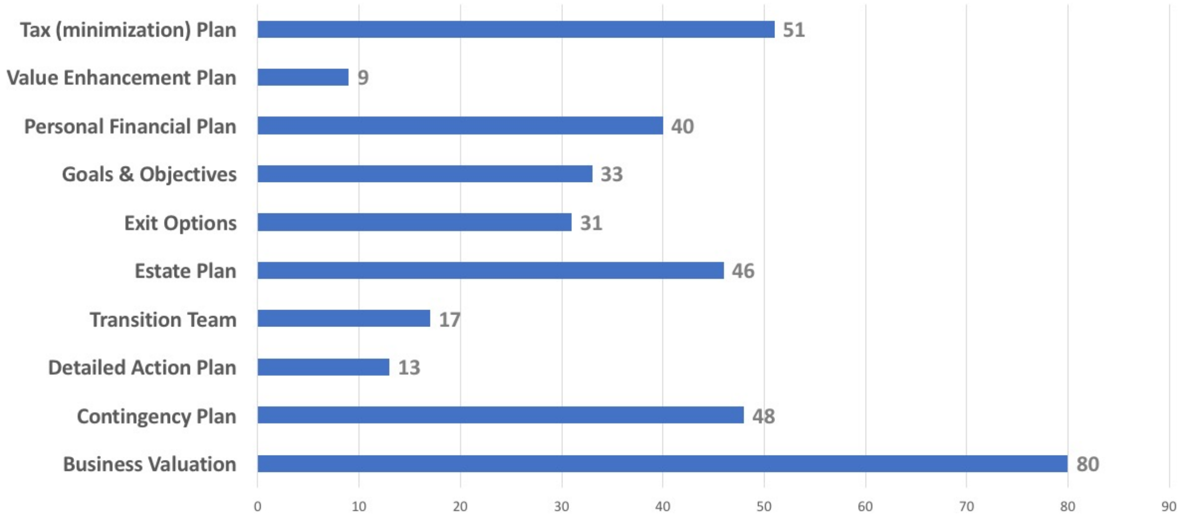
Of those businesses with multiple partners, over half had a buy–sell agreement but, only 42% of those with a buy–sell agreement had had it reviewed and updated within the last three years.

DO YOU HAVE A CONTINGENCY PLAN?



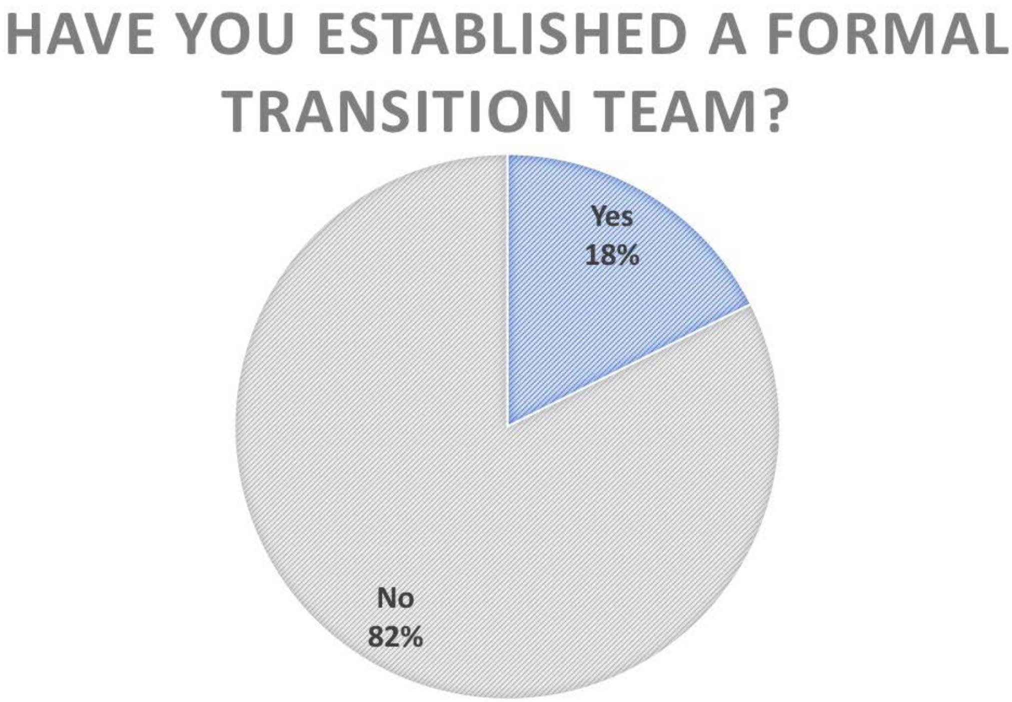
Overall, although most business owners (60.44%) indicated they were familiar with transition options, 65.22% responded they had no contingency plan should they be forced to exit. This discrepancy and their actual planning activities suggest they might be ill prepared for certain eventualities. Although business owners felt they were familiar with transition options, they had not actually put their knowledge to use. Many business owners have not updated their estate plan/business valuation/buy–sell agreements, and they do not have a contingency plan.

WHAT SHOULD YOUR TRANSITION PLAN INCLUDE?



Perceived Ideal Transition Plan

Finally, we asked all business owners to indicate what their ideal transition plans should encompass. They suggested the top three components in their transition plans were Business Valuation (21.74%), Tax Minimization Plan (13.86%), and Contingency Plan (13.04%). Meanwhile, the three components that had been generally overlooked were Strategic Analysis & Value Enhancement Plan (2.45%), Detailed Action Plan (3.53%), and Transition Advisory Team (4.62%).

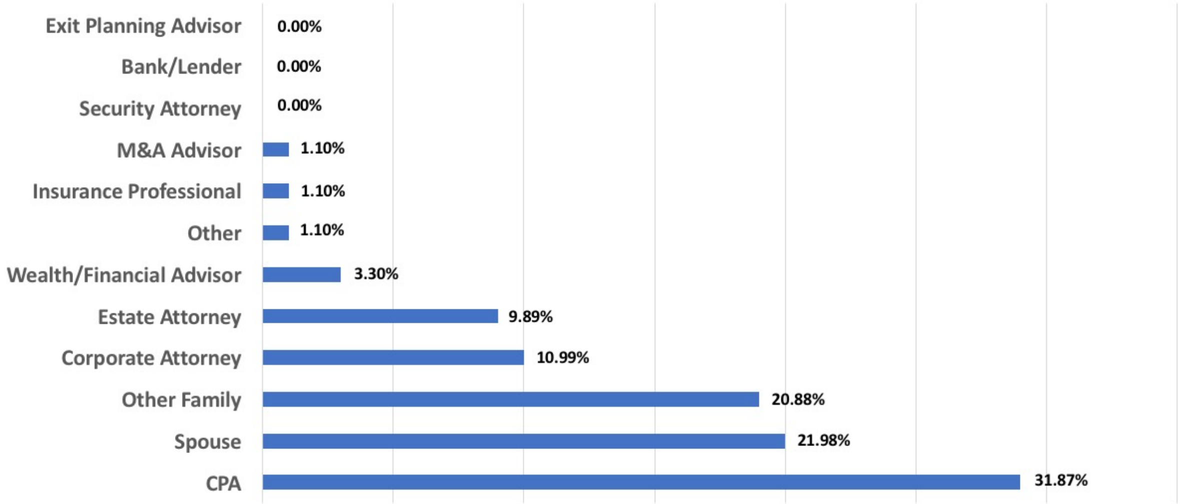


Use of Outside Resources

Many owners were going it alone or did not see the value of using outside resources to become educated and to help with transitioning.

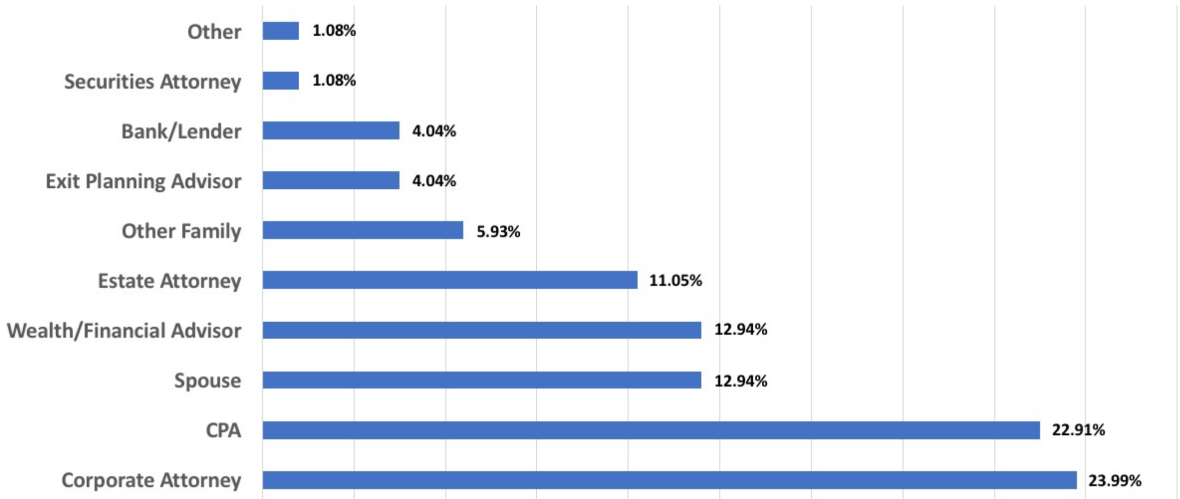
Only 17.58% had established a formal transition advisory team. Coupled with our findings that a majority of owners (82.36%) did not have a formal written transition plan, these suggest that many Long Island business owners are ill prepared for a business transition, most likely because of the planning fallacy bias, a tendency to be overoptimistic regarding one's capability to complete a future task. Nevertheless, exit planning is not something one does down the road. The everyday actions that owners choose to take or not take may affect their ability to exit successfully. This is an unfortunately common mistake. Advisors and business owners must realize that the skill sets needed to transition a business may be much different than those utilized by members of the owner's advisory board.

WHOM DO YOU SEE AS YOUR MOST TRUSTED ADVISER?



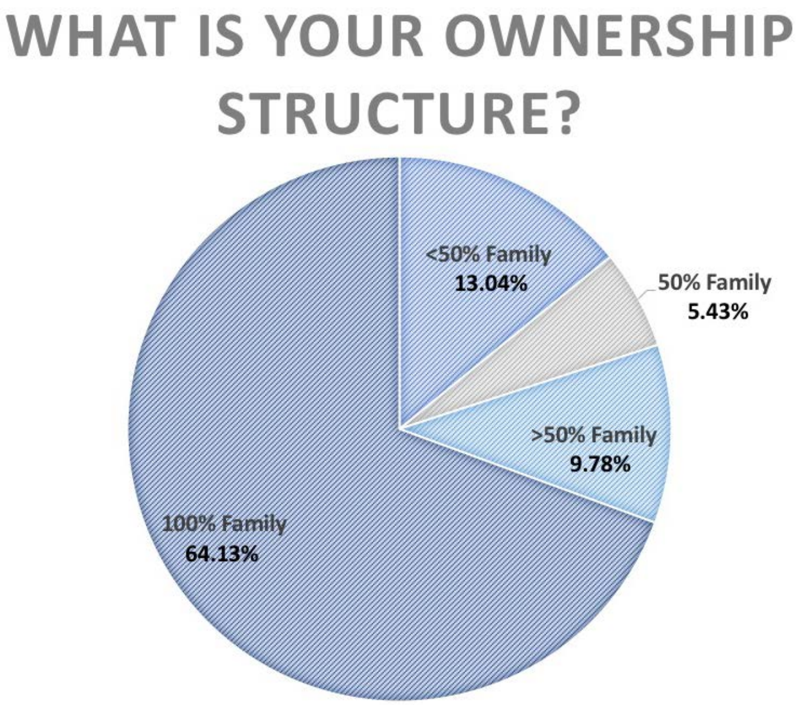
On a related note, most trusted advisor status went to the CPA. Similar to the national surveys, 31.87% of the owners indicated that their CPA was their most trusted advisor, followed by spouse (21.98%), family member (20.88%), and others.

SELECT ALL THE ADVISERS THAT SHOULD BE ON YOUR TRANSITION TEAM.



We did see some inconsistency when we asked owners to select advisors to be included in their transition team. Although 23.99% of owners indicated that their corporate attorney should be or is on their transition team, only 10.99% voted corporate attorneys as their most trusted advisors.

Similarly, 12.94% of owners stated that a wealth manager/financial advisor should be or is on the transition team, but only 3.30% considered wealth managers/financial planners to be the most trusted team members.

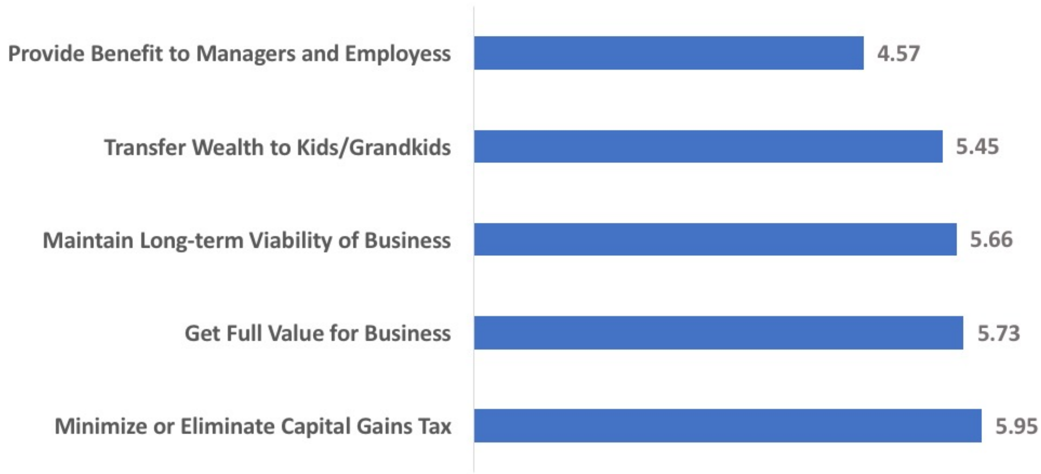


Family Is Important, But Are They Ready For Transition?

Almost three-quarters (73.91%) of the sample included businesses that were primarily family owned. The owners' answers reflected the importance of family, with spouse ranked #2 as most trusted advisor (21.98%) and other family members ranked #3 (20.88%).

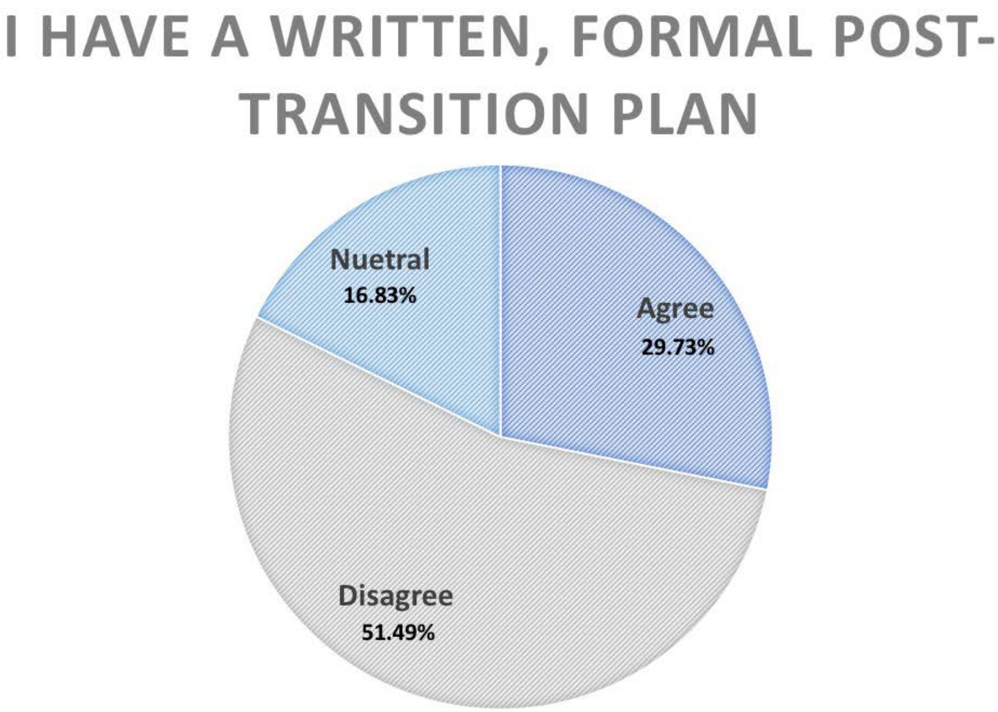
Although 75.9% of owners said they wanted to transfer wealth to their children or grandchildren, only 59.76% indicated that family members were aware of a managerial (ownership) transition plan. In fact, 63.64% had never or rarely held a family meeting to discuss the business.

WHAT DO YOU WANT TO ACCOMPLISH AS PART OF THE TRANSFER OF YOUR BUSINESS? (AVERAGES ON A SCALE OF 1-6)



Although 75.9% of owners said they wanted to transfer wealth to their children or grandchildren, only 59.76% indicated that family members were aware of a managerial (ownership) transition plan. In fact, 63.64% had never or rarely held a family meeting to discuss the business.

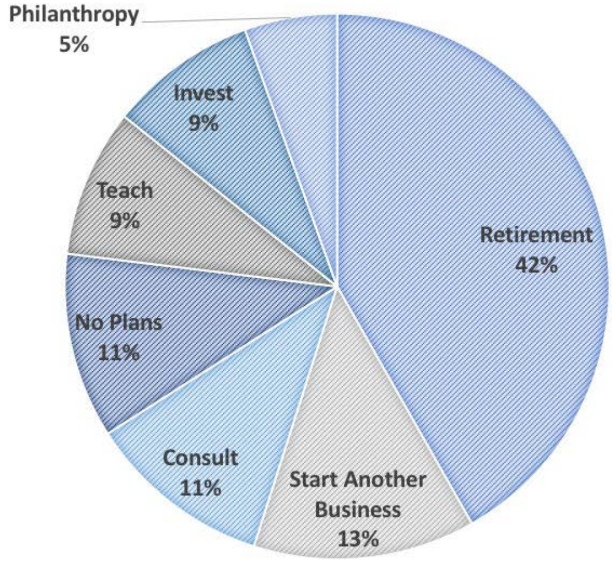
The danger arises from a tendency for business owners to do less transition planning when a decision has been made to transfer to family. The family should approach the transition with the same vigor they would use to sell to a third party, even if the family has decided on an intergenerational transfer. The same characteristics that make a business valuable to a third party are the ones that make it valuable to the next generation. One reason we do not see success rates much higher for family transitions versus third-party sales is that some owners do not approach a family transition in the same way they would a third-party sale, and they end up transitioning the business to a less experienced family member who inherits a business that is undercapitalized and has not mitigated risk appropriately.



Life After Transition

Owners continue to demonstrate they do not understand the importance of personal planning in a successful transition. The planning fallacy bias also seems present when it comes to retirement planning. Only 16.83% of owners indicated they had a written transition plan, whereas 26.73% had a formal written plan for what they would do after transferring business ownership.

WHAT BEST DESCRIBES YOUR POST-TRANSITION LIFESTYLE?



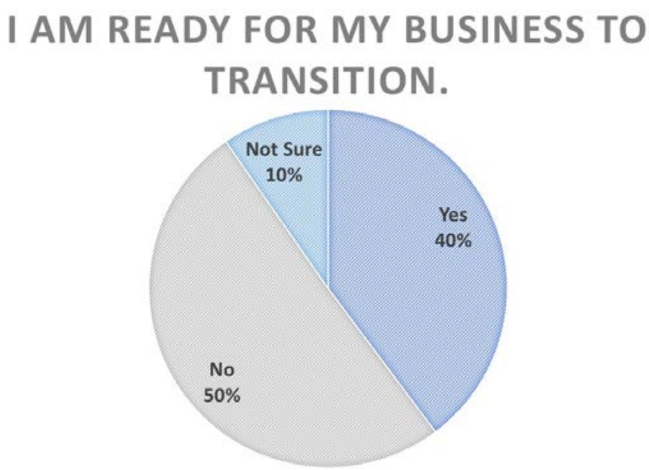
Asked about their ideal lifestyle after business transition, many owners planned to remain active (47.25%). The most popular activities were starting another business (13.19%), consulting (10.99%), teaching (8.79%), and investing in another business or serving on the board of another business (8.79%).

Section Three – Recommended Actions

Advice to Business Owners

Business owners of all sizes of businesses must become more proactive if they are to improve successful transition rates and harvest their most significant financial asset: their business. Success rates are unlikely to improve as long as exit planning is viewed as "something I can do down the road" instead of an imperative integrated into the way a business is operated today. With $10 trillion of wealth at stake from an aging generation of business owners (84.78% of our survey respondents were 50 or older), a greater sense of urgency is required.

So, What Should I Do?



Asked how ready owners felt in regard to the business's readiness for transition, only 39.78% indicated they were ready for a business transition, and only 40.43% had determined the amount of money needed to fund their plans after business transition. Only 27.71% of them agreed that they had a written formal (or informal) plan of what they would do after transferring their business. These responses suggest that most owners are ill prepared for transitioning to the next stage. Owners must realize they need to redefine their paradigm for what exit planning is. Until they do, their progress will be limited. They need to realize that exit planning is nothing more than a good business strategy. Their best practice is to integrate the actions of a successful transition into the way they have run their businesses every day. Owners accomplish this by following the Five Stages of Value Maturity: (1) identify what they have now; (2) take risk mitigating actions to protect their wealth; (3) build value consistently over time; (4) position the business to have multiple exit options or exit events; and (5) actively manage their wealth (including business wealth) before, during, and after the exit event.

Clearly, this is not being accomplished. Although it may be understandable that only 61.46% of owners have estate plans, 80–90% of the owners' net worth is likely to be in their businesses, and 70–80% of that business wealth is tied to intangible assets. To check this, owners need only look at their present income statements and balance sheets. Does the income produced on the income statement for tax purposes reflect the true cash flow benefit assumed by the owner or future owner? The answer is often "no" once the owner considers normalized income and expenses, discretionary expenses charged to the business, and one-time nonrecurring charges. Does the owner's present balance sheet reflect the true market value of the business? Again, not very often. The balance sheet (again, for tax purposes) reflects the book value of the owner's recorded business assets, not the true market value, which would include the value of intangible assets.

Management systems must be adapted to provide owners with strategy and feedback on the value of intangible assets, or "The 4 Capitals" (human, customer, structural, and social) on a regular basis. Most accounting and management systems do not provide feedback on the value of the business. Focusing on value first drives all other positive outcomes, including increases in sales and profits. Integrating personal and financial goals and plans with business planning ensures that the business owner is prepared for all possible events from a personal, financial, and business standpoint (a concept called the Three Legs, or Master Planning). Owners must realize that 50% of all exits are not voluntary, that is, not on the owner's terms or timeline, because of at least one of "the 5 Ds": death, disability, divorce, distress, and/or disagreement.

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By focusing on regular and relentless execution of actions to protect, build, and harvest business value (likely 80–90% of the owner's net worth), owners position themselves to harvest that wealth in good times or bad.

Advice to Advisors

The "most trusted advisor" status continues to go to the CPA (31.87% of owners indicated their CPA was their most trusted advisor). Of all possible advisors to the owner, the CPA is most likely to have the best insight into the financials and operations of the business. Going beyond self-imposed boundaries and becoming more consultative with the owner as it relates to managing the value of the business and exit options is an opportunity that would benefit them as well as the business owner. Furthermore, 42.86% of the owners said family members were their most trusted advisors, suggesting that it is important to involve these members more actively in the planning process.

> Going beyond self-imposed boundaries and becoming more consultative with owners...

Surprisingly, only 3.3% of owners said their wealth advisor was their most trusted advisor. This was unexpected, given that wealth managers often accompany the owner through the entire process even after the exit event. They are vital in helping the owner select and structure the appropriate exit option. This is another indication of owners misunderstanding the value provided by the wealth advisor before, during, and after the exit event, and their lack of education related to all exit options.

We conducted preliminary analyses examining potential predictors for owner readiness and the likelihood of different transition options. Because of the small sample size, the results highlight only the significant effects of potential predictors. We captured Owner Preparedness, Owner Readiness, and Family Awareness by averaging related items. Based on the existing literature and factor analysis results, we categorized the items measuring the likelihood of different transition options into three specific groups of transition options: Financial Harvest, Family Transfer, and Voluntary Cessation. These constructs served as the main dependent variables.

For independent variables, we measured Firm Age, Revenue, Generation, Owner Structure, Owner Age, Education Level, Gender, and Ethnicity. Based on motivation research and factor analysis results, we captured extrinsic motivation and intrinsic motivation using corresponding items.

With these variables, we obtained the three main findings using a regression analysis. First, firm revenue seems to be a good predictor. We found that business owners with higher firm revenue were more likely to be ready and prepared for business transition. Second, owner demographic information does not seem to be associated with dependent variables, possibly because business owners were fairly homogeneous. Finally, individual differences such as intrinsic and extrinsic motivations have been found to be strongly associated with an owner's estimations of transition options. Specifically, business owners with high extrinsic motivations tended to estimate higher likelihood for Financial Harvest and lower likelihood for Voluntary Cessation. Business owners with higher intrinsic motivations tended to indicate a higher likelihood for Family Ownership Transfer, and family members were more aware of the managerial/ownership transition plan. However, extrinsic and intrinsic motivations did not predict Owner Readiness or Owner Preparedness.

Overall, these findings suggest company characteristics and individual differences, such as motivation, seem to be the best types of predictors shaping owner readiness, and future efforts should be devoted to systematically examining these factors. With a longitudinal design, we could even unpack the factors that lead to more successful business transitions, helping business owners become better prepared for their transitions.

Knowledge is power. For more research and information, visit **www.EPILongIsland.com** and **www.OwnerReadiness.com**.

Thank you to our contributors.

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About the Exit Planning Institute

The Exit Planning Institute delivers innovative learning experiences, performance-enhancing resources and strategic tools designed to enhance the exit planning profession. Formed in 2005 to serve the needs of CPAs, financial planners and wealth managers, attorneys, commercial bankers, management consultants, M&A advisors, ESOP and family business advisors, the Exit Planning Institute is considered the standard trendsetter in the field of exit planning across the globe. It is the only organization that offers the Certified Exit Planning Advisor (CEPA) Program and qualifies for continuing education credits with eleven major professional associations, making it the most widely accepted and endorsed exit planning program in the world. For more information, please visit www.exit-planning-institute.org.

For more information regarding the key stakeholders and individual partners of the State of Owner Readiness Survey conducted in this region, visit **www.OwnerReadiness.com**.

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