



Exit Planning Institute™

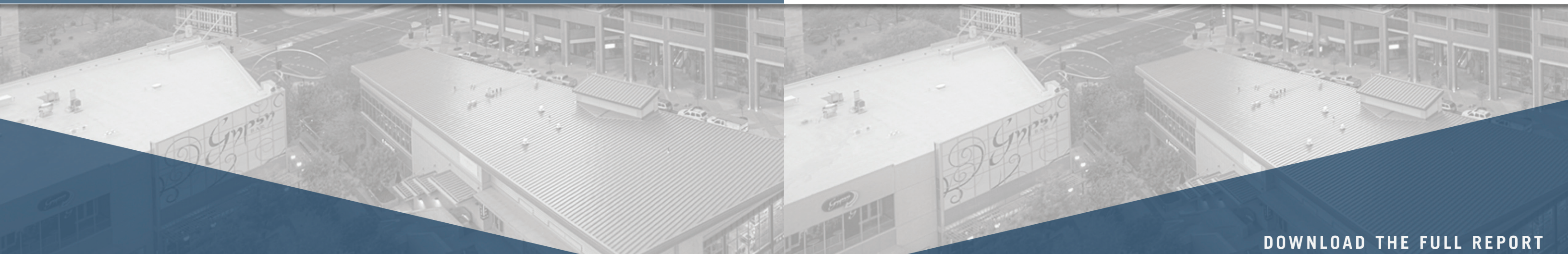
IN COLLABORATION WITH LEADING FIRMS AND ORGANIZATIONS:

A QUICK-LOOK AT THE LOCAL MARKET STUDY:



# The State of Owner Readiness

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



DOWNLOAD THE FULL REPORT  
AT [WWW.OWNERREADINESS.COM](http://WWW.OWNERREADINESS.COM)



# UNDERSTANDING THE ARIZONA STATE OF OWNER READINESS

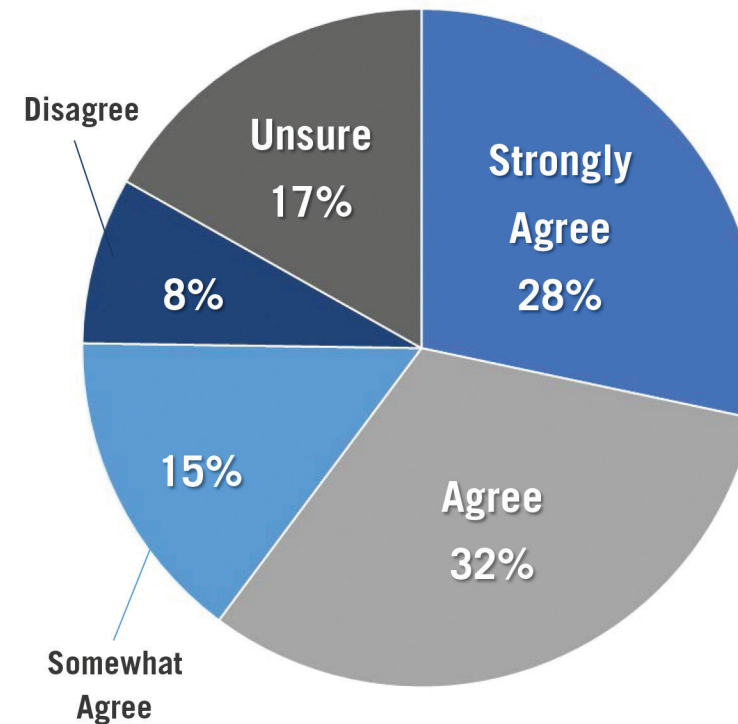


## Arizona businesses are predominantly owned by baby boomers.

60% of respondents were Boomers, a bit lower than US Census data which reflects approx. 63% boomer-ownership for privately-held companies. Note: **71% were over the age of 50**, which means that successful conversion of the business wealth is (or should be) top of mind for most owners.

75% OF OWNERS AGREED WITH THIS STATEMENT:

**“Having a transition strategy is important both for my future and for the future of my business.”**



## AND YET...

The very same surveyed Arizona owners reported the following data which proved contrary to the statement that readiness was actionably important:

**60% OF OWNERS HAVE DONE NO PLANNING AT ALL**

**84% HAVE NO FORMAL ADVISORY BOARD OR TRANSITION TEAM**

**78% ARE NOT FAMILIAR WITH ALL EXIT OPTIONS**

Although about 50% do know how much they need to fund retirement and post-business life plans...

**88% HAVE NOT UNDERGONE PRELIMINARY DILIGENCE TO POSITION FOR SUCCESSFUL EXIT**

**58% HAVE NOT DOCUMENTED A CONTINGENCY PLAN FOR FORCED EXIT**

## TWO WORDS TO DESCRIBE ARIZONA: “FROM SCRATCH.”

### 83% of Surveyed Owners indicated they began their business from scratch.

Though Arizona survey data was dominated by small businesses under \$5 million (consistent with US Census data for American privately-held companies), all sized businesses indicated that the current owner founded the company.

#### Arizona Surveyed Data:

- 69% Annual sales of less than \$5 million.
- 24% Sales in the range of \$5 million–100 million.
- 7% Sales of \$100 million or more.

#### National US Census Data:

- 94% Annual sales of less than \$5 million.
- 5.8% Sales in the range of \$5 million–\$100 million.
- 0.2% Sales of \$100 million or more.

### When it comes to controlling ownership, family matters...

**...at least 86% of the time.**

Surveyed owners reported the following data when asked about the nature of their business ownership/controlling interest:

- 81% Family Owned
- 5% Family/Outside Ownership (FAMILY CONTROLLED)
- 6% Outside Ownership
- 2% Family/Outside Ownership (OUTSIDE CONTROLLED)
- 6% Public Company

### IF YOU DON'T DO ANYTHING, WILL NOTHING HAPPEN?

According to the survey results from Arizona, **54% of business owners have no plans to transition.** This statistic is particularly significant as most of the surveyed demographic are **50 years old or above**, and who are also the most susceptible to experiencing the “5 Ds”: **death, divorce, disability, disaster, or disagreement.**

Lack of exit readiness is a significant decision in a Boomer dominated market. The good news is that getting “exit” educated is your first step.

**46% OF ARIZONA OWNERS INTEND TO TRANSITION IN THE NEXT ONE TO TEN YEARS.**