



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"



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# UNDERSTANDING THE GEORGIA STATE OF OWNER READINESS

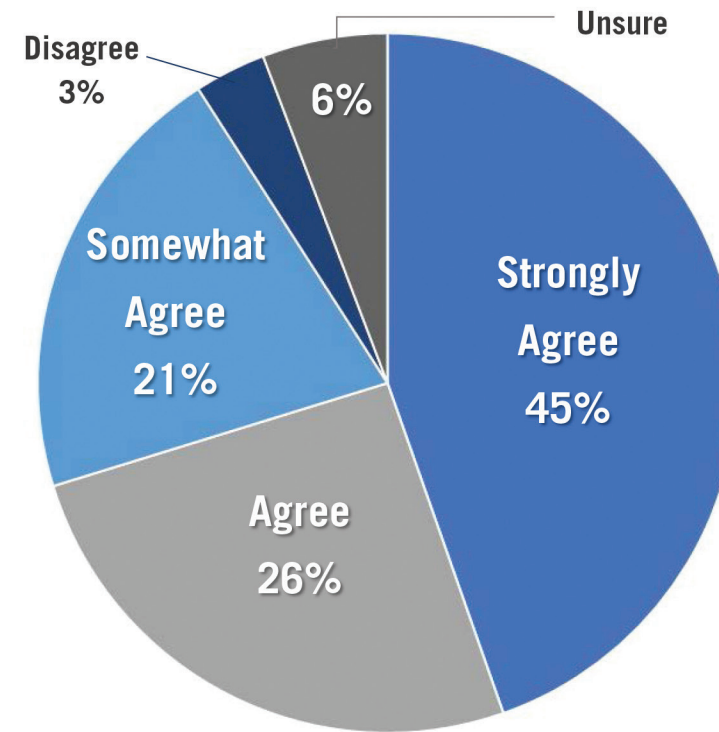


## Georgia businesses are predominantly owned by baby boomers.

56% of respondents were Boomers, a bit lower than US Census data which reflects approx. 63% boomer-ownership for privately-held companies. Note: **52% were over the age of 60**, which means that successful conversion of the business wealth is (or should be) top of mind for most owners.

92% 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 Georgia owners reported the following data which proved contrary to the statement that readiness was actionably important:

**47% OF OWNERS HAVE DONE NO PLANNING AT ALL**

**76% HAVE NO FORMAL ADVISORY BOARD OR TRANSITION TEAM**

**64% ARE NOT FAMILIAR WITH ALL EXIT OPTIONS**

## ONE WORD TO DESCRIBE GEORGIA OWNERS: **FOUNDER.**

### 72% of Surveyed Owners indicated they began their business from scratch.

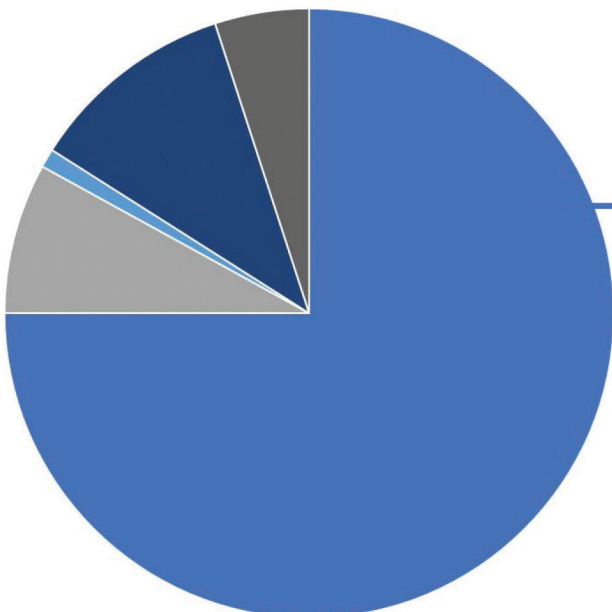
Interestingly, 40% of survey respondents had businesses above \$5 million and 12% of those fell above \$100 million. Despite the size of business, all sized businesses indicated that the current owner founded the company.

#### Georgia Surveyed Data:

- 60% Annual sales of less than \$5 million.
- 28% Sales in the range of \$5 million–100 million.
- 12% 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 83% of the time.**

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

- 75% Family Owned
- 8% Family/Outside Ownership (FAMILY CONTROLLED)
- 11% Outside Ownership
- 1% Family/Outside Ownership (OUTSIDE CONTROLLED)
- 5% Public Company

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

According to the survey results from Georgia, **54% of business owners have no plans to transition.** This statistic is particularly significant as most of the surveyed demographic are **60 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.

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

**80% HAVE NOT UNDERGONE PRELIMINARY DILIGENCE TO POSITION FOR SUCCESSFUL EXIT**

**72% HAVE NOT DOCUMENTED A CONTINGENCY PLAN FOR FORCED EXIT**

**53% OF GEORGIA OWNERS INTEND TO TRANSITION IN THE NEXT ONE TO TEN YEARS.**