

ANTICIPATING THE UNKNOWN

Shoreview-based Solidity Financial puts a buyer spin on exit strategies

JOHN P. PALEN | PHOTO BY TATE CARLSON

Planning for the future is an interesting exercise. First of all, it's the future. It hasn't happened yet. There are so many possibilities — some in your control and some not.

Take the intangible value of your business. What is valuable to you may not translate in dollars to a potential buyer. Valuation experts can get close, but the business owner who doesn't consider the buyer's risks is relying on little more than hope.

Ryan Tansom experienced this reality in 2009 while working for his family's IT and printing business. It took until 2014 to facilitate a turnaround and reposition the company for sale. The family succeeded by identifying the risks to a potential buyer, fixing those trouble spots and making the cash flow transferrable to a new owner.

The process was so enlightening that Tansom joined Shoreview-based Solidity Financial to keep doing it. CEO and Partner Brandon Wood is a former treasury analyst for Cargill and former chief operating officer for a wealth management firm. He is a Minnesota native along with Tansom, who serves as president. Along with other former business owners and operators, they help business owners create lifetime cash flow from the carefully planned transition or sale of their businesses.

Getting into the mind of a potential buyer is the key, Tansom says. "Most business owners do not realize that a potential buyer may not want to run the company. That means the cash flow would be reduced to the new owner in order to pay someone to run the company."

In doing so, Tansom says that business owners have the potential to create a similar salary for their lifetimes after the company sale. But this level of management requires three things: enough advanced planning, financial stability and energy to accomplish it. "Sacrifice any one of these three, and it will hurt your timing or capability to exit

BIZ BRIEFING

SOLIDITY FINANCIAL, LLC

LOCATION: Shoreview

REVENUE: Undisclosed

INCEPTION: 2011

EMPLOYEES: 7

LEADERSHIP: Brandon Wood, CEO; Ryan Tansom, President

DESCRIPTION: Help business owners build the value of the business and plan for their exit with passion, purpose and community to ensure lifetime cash flow.

WEB: mysolidity.com

PODCAST: *Life After Business*





LESSONS IN BUILDING VALUE

1. Remember why you got into business in the first place and keep that energy when managing your business
2. Put yourself in the mindset of a potential buyer. Are there ways you are running your company that a buyer wouldn't find valuable?
3. What is your timeline for exit? If you don't know, set a timeline so you have something to work toward even if you decide to stay longer.
4. Think about your life after business. Imagine living it now and add details to develop a true vision for the future.
5. Listen to your advisors, but make sure their advice fits with your plan.

or transition," Tansom adds.

Do you still need a CPA, a lawyer, a financial advisor? Sure. But the foundation of your plan is to create easily transferrable value and cash flow for someone else so that you walk away with the terms and amount you desire. Some advisors are more transactional, helping when the owner decides it's time to sell. Only those who have actually worked through a business transition or sale realize how important time, financial stability and energy are to maintain control of the outcome, Tansom says.

A well-planned business exit plan has far-reaching benefits beyond a lifetime income, such as a business that continues to serve customers and employ people, a financial foundation for children or grandchildren or a pursuit of worthy causes. It might even be another business.

"Too many business owners, unfortunately, have settled for less than they deserved because they didn't plan ahead," Tansom says.

The future isn't set or completely in our control, but history proves that it helps to participate in its development. 🐘



JOHN P. PALEN is CEO of Allied Executives and works with CEOs, business owners and executive leaders on leadership and business performance through peer groups, coaching and educational workshops. alliedexecutives.com

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