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Business owners have 80 to 90 percent of their financial wealth locked up within their businesses, according to the [Exit Planning Institute](#), which trains and advises succession planning professionals. However, survey after survey by the institute indicates that owners may have trouble liquidating this wealth when they need to.

Surveys by the institute across various U.S. regions found business owners agree that having a transition strategy is important for their future and for the future of their business. However, between 40 and 60 percent of these same owners in the surveys acknowledged having no plan at all for the company's transition, even though many of them plan to transition within 10 years.

Accountants and other trusted advisors, while helping their clients get on the path to an eventual transition, can generate more business valuation engagements and advisory work. Generating these engagements starts by asking several questions that help business owners recognize the need to build economic value and to plan for the

future. Indeed, owners often name accountants as their most trusted advisor, so

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issues related to business valuation.

1. Is having a transition strategy important for your future and the future of your business?
2. When are you planning to transition?
3. Do you need the income produced by the business to support your lifestyle after any transition?
4. Have you determined how much you will need to fund your goals after transition?
5. How much is your business worth? How do you know what it is worth?
6. Which best describes your current transition plan? I have a written plan, I have an informal plan, I have a general idea or I have not thought about it.
7. If you plan to transition the business to family, are family members aware of your management and ownership transition plans?

Business owners may offer a guess about the value of their business, but they may indicate the estimate is based on what a friend told them or what they read about sales multiples offered for publicly traded firms in their industry. Once you begin discussing issues that affect economic value, such as management transitions, customer transferability and cash flow, clients should begin to recognize the urgency for getting a better handle on how to maximize the value of the business.

Maximizing the value starts with knowing the valuation and understanding the [factors affecting business valuation](#).

To learn more about engaging clients in developing an exit strategy, watch the on-demand webinar replay, "[How to Help Your Client Leave a Business on Their Terms](#)."

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