

ARIZONA

2017



Exit
Planning
Institute™

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

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.

TWO WORDS TO DESCRIBE ARIZONA: “FROM SCRATCH.”

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

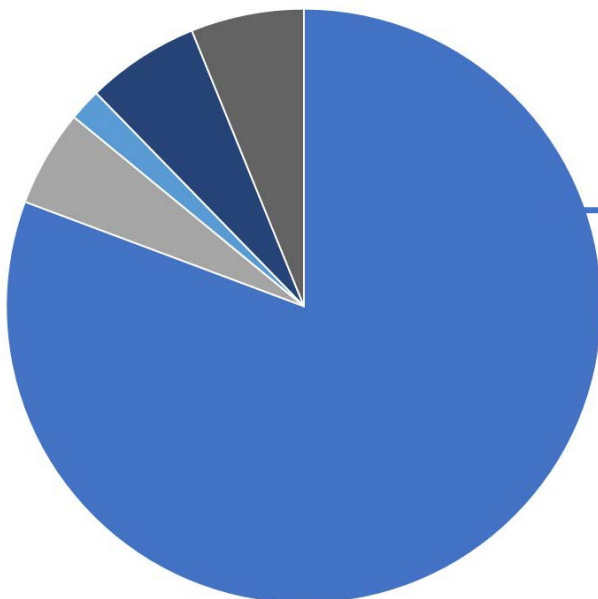
Though Arizona survey data was dominated by small businesses under \$5 million (consistent with US Census data for American privately-held companies), all sized businesses indicated that the current owner founded the company.

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...

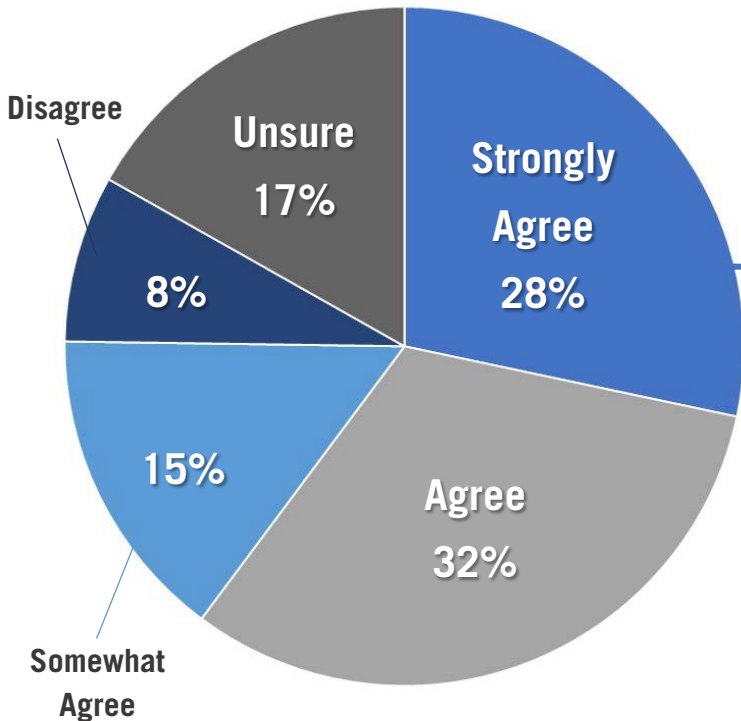
...at least 86% of the time.

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

75% OF OWNERS AGREED WITH THIS STATEMENT:

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



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.

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

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

IN COLLABORATION WITH LEADING FIRMS AND ORGANIZATIONS:

