

FEATURE ARTICLE

## PREPARING AN EXIT STRATEGY

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## KEY TAX DATES

### 9.15.2015

**ESTIMATED TAX.** Payment of third installment of 2015 estimated tax by calendar-year corporations. Payment of third installment of 2015 estimated tax by individuals.

**CORPORATIONS.** Last day for filing 2014 income tax return by calendar-year corporations that obtained automatic six-month filing extension.

### 11.2.2015

**EMPLOYERS' TAXES.** Employers of nonagricultural and nonhousehold employees must file return on Form 941 to report income tax withholding and FICA taxes for the third quarter of 2015.

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## SUSAN M. KIRSCH NAMED NEW TAX PRACTICE CHAIR

We are proud to announce that Susan M. Kirsch has been named Chairperson of the firm's Tax Advisory Services practice. Ms. Kirsch will transition to this position with the assistance of Paul M. Matvey, who has served as Tax Chair for the past 17 years.

"This continues the process of transferring Schneider Downs' management responsibilities that began with the transition of Tim Hammer and me to the positions of Co-Managing Shareholders last August," explained Steven D. Thompson, Co-Managing Shareholder of Schneider Downs. "Both Ray Buehler (Chairman) and Paul will continue to serve clients, transfer administrative responsibilities and focus on the firm's client acquisition efforts."

As Chair of the tax group, Ms. Kirsch will be responsible for overseeing delivery of exceptional tax services across a range of industry sectors to provide the highest level of technical guidance and client service to the firm's client base. She also will be responsible for leading and developing core tax services to the firm's strategic initiatives. In doing so, she becomes the first woman to lead a practice unit at the firm. Ms. Kirsch also will continue to provide tax services to the firm's higher education and not-for-profit clients.

Susan M. Kirsch joined Schneider Downs from the health care industry in 2002, and has a well-earned reputation as an industry leader in the area of tax matters related to not-for-profit and higher education organizations.

*-Rachael Frye, Marketing Associate*

## SCHNEIDER DOWNS ANNOUNCES MULTIPLE LEADERSHIP PROMOTIONS

We are proud to announce that Joseph A. Bruce and Mark A. DiPietrantonio have been named shareholders of the firm. Additionally, Peter J. Lieberman has been named Partner of Schneider Downs Corporate Finance, LP. These promotions

became effective July 1, 2015. Leadership is at the core of every successful organization. Since 1956, we have continually cultivated a leadership team of talented professionals from our immensely talented roster. We're proud that this tradition continues with Joe, Mark and Pete.

BY  
RACHAEL L. FRYE  
MARKETING ASSOCIATE



Joseph A. Bruce, CPA, an Accounting, Assurance and Advisory Services Shareholder, started his career at Schneider Downs in 1996 and has more than 18 years of experience in public accounting. Joe serves a variety of clients in the construction, manufacturing, retail and oil and gas industries, including publicly traded companies. He is responsible for the coordination of selected audits as well as the delivery of the firm's accounting, assurance, tax and business advisory services to his client base. Additionally, Joe has extensive knowledge of financial reporting requirements, key technical issues and the operating concerns of entities served. He holds a B.S. in accounting from Waynesburg University.



Mark A. DiPietrantonio, CPA, Tax Services Shareholder, joined Schneider Downs in 1995 and provides tax compliance services to his client base in a number of industries including construction, real estate, professional services, restaurant services and manufacturing. His expertise includes cost segregation, tax planning for business entities and individuals, multistate tax planning and compliance, and overall corporate tax planning. Mark earned an M.S. in taxation from the University of Akron and a B.S. in Business Administration from West Virginia University and is a Certified Construction Industry Financial Professional.



Peter J. Lieberman, Partner, joined Schneider Downs Corporate Finance in 2006 and has more than 18 years of experience in investment banking. Advising a broad variety of clients, including multinational public companies, Pete has experience in a number of industries with an emphasis on engineered products manufacturing, energy and natural resources, metals, business and industrial services, consumer products and food processing. He has extensive transaction experience in mergers and acquisitions, capital raising and corporate finance consulting, including the private placement of corporate debt and equity and the placement of asset-backed securities. He earned an MBA in Finance and Strategy from the Indiana University School of Business and a B.A. in Political Science from Duke University and holds FINRA Series 7, Series 24 and Series 63 Securities Licenses. ■



# TOP STORY

## A DIFFERENT PERSPECTIVE ON SD MERIDIAN

by Margaret M. Good, CTP



BY  
MARGARET M. GOOD  
SCHNEIDER DOWNS MERIDIAN  
DIRECTOR

In April, Schneider Downs made a significant step in diversifying its portfolio of services by acquiring my boutique-consulting firm, The Meridian Group. Throughout the transaction process, I was impressed with the company's drive to ensure it is providing the best and most comprehensive services possible to clients. With the newly formed Schneider Downs Meridian, the firm has again added services that its clients can leverage to be more successful.

I founded The Meridian Group in 1988, and our team has earned respect for our ability to guide companies through some of their most significant and difficult decisions. Now with the support of Schneider Downs, I hope to continue and enhance the legacy I have built for Meridian over the last 27 years.

Schneider Downs Meridian has the ability to provide immense value to a client through a variety of services. First and foremost is performance improvement and turnaround consulting. Our consultants possess decades of business experience and have educations that include doctorates and MBAs received from top universities. Schneider Downs Meridian is able to analyze a company both qualitatively and quantitatively. We can rely on our experience and business acumen to identify key areas of concern, while also digging into the analytics required to produce solutions.

Take for example our experience with an Ohio-based footwear manufacturer. At the time of our engagement, the company had been experiencing significant operating losses and was delisted from the New York Stock Exchange. With our guidance - one Meridian consultant actually remained as interim CEO for two years to implement the plan—the company was able to refinance its debt, reorganize sales and production and dramatically reduce overhead expense. With the significantly reduced cost structure, profits were almost immediately realized. Less than six years after our turnaround had been completed, the company sold for almost 15 times the market value its stock traded at when we were retained.

While the above-referenced example was a struggling company and badly in need of a direction change, our services can be applied to a variety of circumstances. We have consulted with companies that are looking for strategic direction with regard to product lines, business segment realignment, or balance sheet composition. Schneider Downs Meridian's goal is to provide both clarity and direction to executives and owners who are making unfamiliar decisions.

Another area of expertise for Schneider Downs Meridian is debt placement. For years, we have helped companies of all industries and sizes to secure financing for restructuring, acquisitions, working capital and/or capital expenditures. A misunderstanding of the proper debt structure for an organization or project is something that can lead to financial instability for the company in the future. Unfortunately, this is something we see all too often. Borrowers have long relied on lenders to guide them through the financing process, which leads to a result that is best for lenders, but not necessarily for the borrower.

What Schneider Downs Meridian does is develop a clear understanding of a company's capital needs, then find a lender that not only fits those needs, but also provides the best overall financial package for the company. Schneider Downs Meridian is able to leverage our decades of financing experience and wide-ranging contacts for the benefit of our clients.

The last few months have been an exciting time as I have integrated my services with Schneider Downs for the benefit of our clients, and I look forward to providing even more value to the companies we serve. To learn more, visit [www.schneiderdowns.com/schneider-downs-meridian](http://www.schneiderdowns.com/schneider-downs-meridian). ■

# FEATURE



BY  
*IMRAN S. MOHIUDDIN*  
*SCHNEIDER DOWNS CORPORATE FINANCE, LP*  
*VICE PRESIDENT*

Upfront, intense planning defines many successful business owners. Yet, even the most successful owners fail to plan for the most important transaction of their careers: the sale of their business. Exiting a business can be a challenging experience for an owner; however, rigorous, proactive planning mitigates many of the risks and maximizes the potential exit value. A forward-thinking owner should contemplate personal goals and the company’s value potential and execute a strategy that aligns the two.

**START BY BUILDING A CORE TEAM**

Due to a lack of experience, most owners are unequipped to develop a proper exit planning strategy. Successful business owners hire and rely on a strong team to grow their businesses. Similarly, it is critical for the seller to interview and hire a team of skilled advisors early in the planning process. Many factors can influence the sales process, and without an expert team of advisors, business owners put their success at risk.

The owner has many exit options to choose from, including a full sale of the company, divestiture of certain assets, or majority/minority interest in the company. Is the owner looking to retire? Then, a full sale is the likely scenario. Does the owner desire to retain some ownership and reduce day-to-day responsibilities? Then, a majority sale of the company is a plausible option. An experienced advisory team evaluates the company’s overall saleability and provides guidance on preparing for a successful sales process.

The advisory team will not only lead the planning and execution of the strategy but also put the owner at a competitive advantage against seasoned acquirers. A strong advisory team will include:

ADVISOR	ROLE
Investment Banker	<ul style="list-style-type: none"><li>• Offers insights into market conditions (i.e., buyer motivation, timing, exit type, etc.)</li><li>• Provides analysis on market value of the company</li><li>• Develops, supports and ultimately quarterbacks the sales process strategy</li></ul>
Accounting and Tax Professionals	<ul style="list-style-type: none"><li>• Provides pre-diligence guidance on financial health of company</li><li>• Advises on potential payout structures and tax treatment</li></ul>
Transaction Attorney	<ul style="list-style-type: none"><li>• Identifies key transaction terms</li><li>• Reduces post-transaction risk exposure</li></ul>
Wealth Manager	<ul style="list-style-type: none"><li>• Provides assessment of whether amount of after-tax proceeds is sufficient for owners’ lifestyles</li><li>• Educates owner and family on handling new wealth</li></ul>

Owners should also identify key team members within the organization who will assist in the sales process and remain with the company, post-transaction. A forward-thinking



# PREPARING AN EXIT STRATEGY

by Imran S. Mohiuddin

owner can maximize value potential by developing a strong management team and transition plans.

## PREPARE FOR THOROUGH DUE DILIGENCE NOW

Acquirers have become increasingly risk-averse. As a result, the due diligence process has become more lengthy and significantly more detailed. Weak or missing documents, lack of process controls, and non-business-related expenses are among the many reasons a buyer may reduce the offer price or walk away. Not surprisingly, businesses with well-organized files (e.g., financial statements, contracts, HR-related files, etc.), powerful reporting capabilities, and tight operational controls tend to enjoy a swifter diligence process and ultimately higher valuations.

Given early planning, sellers are afforded the time to prepare for due diligence in a number of ways, including:

- Analyzing business operations and minimizing or eliminating unnecessary expenses
- Minimizing one-time expenses and personal expenses
- Identifying potential balance sheet issues (e.g., working capital cycle, debt management, etc.)
- Drafting a three-year business plan with projections
- Developing reports to allow for analysis of customer base and trends
- Gathering and organizing all sales and income tax documentation
- Verifying that all environmental assessments are complete
- Reviewing legal documents for change-of-control provisions

The owner's advisors can provide analyses on earnings, data accuracy and internal controls. This pre-sale diligence identifies opportunities for improvement that potentially can increase value.

## ASSESSMENT: EVALUATE EXPECTATIONS AND MARKET POSITION

Perhaps no step is more crucial for an owner than determining sufficient after-tax proceeds to accommodate future financial needs. A team of investment bankers, tax consultants and wealth managers is key to forming realistic pricing expectations. Owners should consult with experienced investment bankers to calculate an objective valuation range that is based on market demand and company-specific value-drivers. Tax

consultants and wealth managers will work with owners to determine if the after-tax number is sufficient.

Regardless of valuation, the owner must continue to operate and grow the business. Buyers value companies with consistently strong performance. The chart below illustrates how an acquirer might evaluate similar acquisition targets (see Figure 1).

In general, a saleable company (one with high value potential) must demonstrate to acquirers that it has, among other characteristics, experienced continued growth (top- and bottom-line), unique services or products, and a strong customer base without concentration issues. In addition, acquirers need to be convinced that paying a premium for the company is more cost-effective than building their own business.

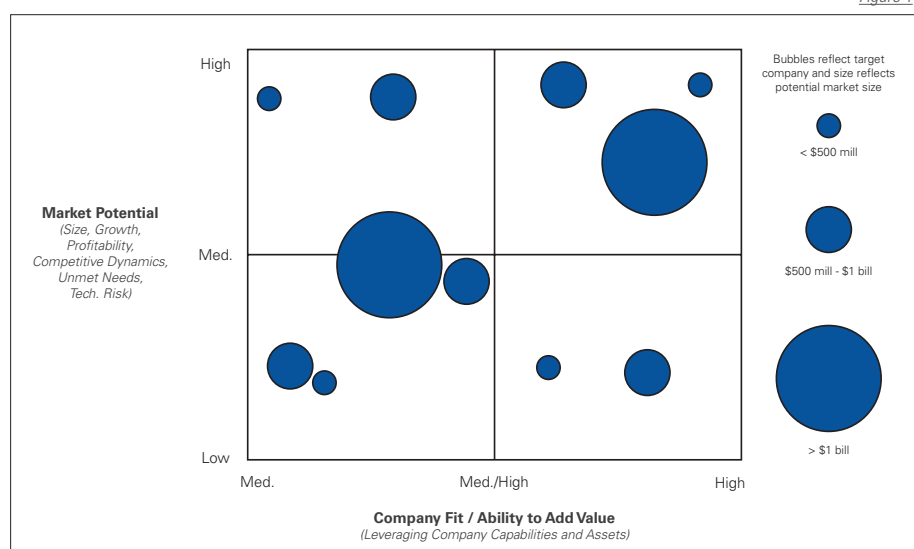
## PLAN TO MARKET

Ultimately, beauty is in the eye of the beholder. The exit planning process should also include a sales marketing plan that will position the company's key attributes to attract serious buyers. Potential sellers should quantify potential revenue and cost synergies. Well-prepared owners are intimately aware of how buyers value impactful synergies.

Although the planning and preparation may seem intimidating, early up-front, intense preparation with experienced professionals will lead to an efficient sales process and to achieving the ultimate objective: maximum value. ■

*Schneider Downs Corporate Finance, LP is a registered broker/dealer.  
Member FINRA/SIPC.*

Figure 1





# NEWS YOU NEED

## SCHNEIDER DOWNS WEALTH MANAGEMENT ADVISORS, LP QUARTERLY COLUMN

### FINANCIAL ADVICE FOR YOUNG ADULTS

It is an exciting time for a young person when they start their first job and finally have their own paycheck. Most young people haven't yet built a foundation of good financial management that includes a savings plan and staying out of debt. Good habits learned now can set the stage for a lifetime of financial stability (and improve the chances that these young adults won't have to move back into their parents' house!). I've listed below some key ideas to help start anyone's financial life on the right path.

- 1) **Live below your means** – It is important to get into the habit of not spending your full paycheck every month. You can accomplish this by having a set amount of your paycheck diverted into a separate investment or bank account that you don't touch. A good target for overall savings is 10%-15% of your earnings. If you are unable to save that much right now, just save what you can. The next time you get a raise, look to boost your savings rate by setting aside some or all of your increased income.
- 2) **Establish an emergency fund** – The first place to put your savings is in an emergency fund. An emergency fund is an account that you can draw on when big and unexpected expenses occur. Such things as losing your job or an expensive car repair bill are events that are likely to happen at some point in your career. Setting aside money now will give you the ability to navigate those difficult time periods. Set a goal to set aside six months of your current monthly spending. In essence, even if you couldn't earn a paycheck for the next six months, your emergency fund would be able to cover all of your spending needs. It might take a few years to get to that level of savings, but don't give up and **don't** raid your piggy bank to pay for non-emergency spending.
- 3) **Start saving now** – People who

save money early in their career have a huge advantage over those who delay. A 25-year-old worker needs to save about \$5,000 per year to have a portfolio of \$1,000,000 at age 65\*. A 35-year-old worker would need to save over \$10,500 per year to have the same \$1,000,000 portfolio at age 65.

- 4) **Be a conscious spender** – You need to make good decisions on how you spend your money. You can't have everything. Determine what is most important to you and make sure that you have the money for it. If you want to go to Hawaii for vacation, it may mean that you can't buy a \$6 latte every day. The best way to monitor your spending is to create a budget. There are a lot of good programs available for budgeting. One of the most popular is mint.com. It is a free software program that helps you track all your spending and accounts so that you can always see your full financial picture.
- 5) **Take the free money** – Many employers will match a portion of the contributions that you make to a retirement plan, like a 401k. If you aren't contributing to your 401k plan, you may literally be leaving free money on the table. Talk to your human resources representative at work to find out how your employer's plan works. If you don't have an employer plan, you can always save money in an Individual Retirement Account (IRA), and you may receive a potential tax benefit on your contribution. In addition, savings in a 401k or IRA account accrue tax-free, which helps your retirement assets grow at a faster rate than they would in a taxable account.
- 6) **Don't be a stockpicker** – It can be tempting to want to try and be the next Warren Buffet and pick individual stocks. However, you are better served with buying low-cost mutual funds that represent broad market indexes. Many funds hold hundreds or even thousands of different stocks or bonds, which greatly reduces your investment risk.
- 7) **Wait to buy a house** – Although a house is a great way to build equity and



BY  
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SCHNEIDER DOWNS WEALTH  
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increase your net worth, it may not be the best decision for individuals just starting their career. A lot could change for you over the next few years. You may need to relocate for a new job opportunity or you could decide to go back to graduate school. Having a house can be a big hassle if you are forced to sell, and could be a money-losing investment if held for a short period of time. For most people just starting their careers, it makes sense for them to pay rent and maintain their flexibility. One way that you can reduce this expense is to find some roommates to help share the cost.

While this is certainly not an exhaustive list of all of the things that a young person should do financially, it is a good start. If you follow this advice, you will likely be better off financially than the majority of Americans.

One last piece of advice that I have for you isn't financially based. It is said that the average person will spend more than 90,000 hours working in their lifetime. That is a lot of time. My advice to you is to try and find a career doing something that makes you want get out of bed in the morning. It is a lot easier to change your career goals at this point in your life than it will be later on when you may have a spouse, kids, and a mortgage. Follow your passion. It will serve you well over your lifetime in whatever career you choose. Here's wishing you a bright future. ■

*\* Assumed annualized return of 7%*

*Material discussed is meant for general illustration and/or informational purposes only and it is not to be construed as investment, tax or legal advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary. Therefore, the information should be relied upon when coordinated with individual professional advice.*



ADDITIONAL TAX DATES

CONTINUED FROM PAGE 2

BENEFIT PLAN DUE DATES

Forms 5500, Annual Return/Report of Employee Benefit Plan.

Year-End	Due Date	With 5558 Extension
11/30	6/30/15	9/15/15
12/31	7/31/15	10/15/15
1/31	8/31/15	11/16/15

Processing of corrective distributions relative to failed 401(k) ADP/401(m) ACP discrimination testing, so as to avoid a 10% employer-imposed excise tax.

Year-End	Due Date
6/30	9/15/15
7/31	10/15/15
8/31	11/16/15

SAVE THE DATE! ANNUAL CPE AND NETWORKING EVENT

Schneider Downs cordially invites you to attend our 2015 Continuing Professional Education Program, followed by a cocktail reception. Featured topics will include Tax and Accounting Updates and Ethics. Please join us for the day of CPE and networking.

Choose from two dates and locations.

PITTSBURGH

December 3, 2015  
8:30 a.m. - 5:00 p.m.  
Cocktail reception follows  
To register, email [vbucci@schneiderdowns.com](mailto:vbucci@schneiderdowns.com)

COLUMBUS

December 17, 2015  
1:00 - 5:00 p.m.  
Cocktail reception follows  
To register, email [lbloods@schneiderdowns.com](mailto:lbloods@schneiderdowns.com)

You may also register at [www.schneiderdowns.com/events](http://www.schneiderdowns.com/events).

AROUND SCHNEIDER DOWNS



On August 10, Schneider Downs participated and placed in the Nature Conservancy of West Virginia “Clays for Conservation” shoot at Seven Springs. Pictured from l-r are West Virginia Senator Joe Manchin, Ted Pettko (SD), Greg Lightfoot (Falcon Drilling), Don Applegarth (SD), Austin Applegarth and Bob Nutting (Pittsburgh Pirates).

Volunteers from Schneider Downs’ Pittsburgh office spent the afternoon of August 6 building bicycles at the United Way of Allegheny County’s Build a Bike program. After inspection, all bicycles built were then donated to children in need. Pictured left to right are Jessica Pecyna, Heather Collins, Danielle Miceli, Ashlee Krivda and Brenda Gundersen.



Congratulations to all of our personnel who were promoted this year. We had a total of 64 promotions, including two shareholders, one partner, seven senior managers and seven managers. Pictured to the left at the top are some of our newly promoted Pittsburgh employees and below are our recently promoted Columbus employees.



Schneider Downs was well represented at The Ohio State University Masters of Accounting Program Mix and Mingle. Pictured left to right are: Alexander “Chip” Whyte, Matt Fuller, Brett Cubellis and Patrick Huffman.





# ON POINT

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## PROFESSIONAL NEWS

**RAYMOND W. BUEHLER, JR.**, Chairman, **TIMOTHY J. HAMMER**, Co-Managing Shareholder, and **STEVEN D. THOMPSON**, Co-Managing Shareholder, attended the AICPA Major Firms Group meeting in July, which was composed of leaders from the top 100 U.S. public accounting firms.

**DON A. LINZER**, CEO, Schneider Downs Wealth Management, was interviewed by *Forbes Magazine* for the article "6 Reasons Not To Panic About the Market's Downturn: What Wall Street Experts are Saying."

**MICHAEL A. STETSON**, Audit Senior Manager, joined the American Cancer Society 2016 Golf Trustee Committee.

**MEREDITH J. CHRISTY**, Audit Senior Manager, was elected Chairman of the Board of Armstrong County Memorial Hospital (ACMH).

**RAYMOND W. BUEHLER, JR.**, Chairman, was featured in the August 20 *Pittsburgh Business Times* article, "Schneider Downs moves up in IPA 100." Schneider Downs recently moved up two places to number 55 on the IPA 100, which lists the top 100 accounting firms in the country.

**JAMES B. YARD**, Internal Audit and Risk Advisory Services Shareholder, was nominated to the Board of Directors for the National MPS Society.

**MARY D. RICHTER**, Tax Shareholder, has been named Co-Chair of Women's Leadership Council of United Way of Allegheny County. She has also been named to the Board of the United Way of Allegheny County.

**SUSAN M. KIRSCH**, Tax Shareholder, is serving on the YMCA of Greater Pittsburgh Camp Kon-O-Kwee Advisory Board.

**EUGENE J. LOGAN**, Tax Shareholder, became an Associate Member serving on the AICPA Tax Exempt Technical Resource Panel.

**JAY R. MEGLICH**, Audit Shareholder, was featured in the July 24 *Columbus Business First* article "As Ohio drilling slows, capital efforts catching up."

**DENNIS R. MOWREY**, Tax Director, is currently serving a two-year term as Chairman of the Board for the Great Lakes Region of the Arthritis Foundation which covers Ohio, Michigan, Pennsylvania, Kentucky and West Virginia.

**KARL W. KUNKLE**, Wealth Management Shareholder, was featured in the August 4 article "Many boomers' 401(k)s are way out of balance," which appeared on MarketWatch, part of the Wall Street Digital Network.

**THEODORE M. PETTKO**, Audit Shareholder, was quoted in the *Pittsburgh Post-Gazette* article "When oil prices tank, write-downs flourish," which was published on August 11.

**DEBRA A. RIES**, Tax Senior Manager, joined the board of Residential Resources, Inc. Debra also presented on 990-T, UBIT and compensation tax issues at the NBI, Inc.'s education program "Form 990: What the IRS is Looking For."

**BETH D. LYNCH**, Wealth Management Investment Relationship Manager, was interviewed by the *Pittsburgh Tribune-Review* for the August 25 article "Small investors aren't panicking over Wall Street plunge."