



Protect Against the Pain of Exiting Your Business

You know how things work in terms of starting and running a successful business. You've hired the right people, offered a useful product or service, and developed high-quality relationships with your customers and vendors. None of these things magically appeared out of thin air: You most likely followed a proven process, mixed in with your own creative problem solving, to build a successful business. The same adherence to process that applies to starting and running a successful business applies to a successful business exit.

Whether you're looking to exit your business in 10 months, 10 years, or never, one fact governs them all: All business owners—even the hardest working, most dedicated workaholics—will exit their businesses someday. Whether by choice, death, or otherwise, you need to be able to answer the question, "What will happen to me, my business, and my family upon my business exit?" While this may seem like a heady, rhetorical question, the consequences of planning have real effects on the things you care about most. How can you address this question with a concrete, actionable answer?

In our experience, the answer to that question is a thoughtful and systematic Exit Planning process. Let's briefly look at the steps you can take to address the needs you, your company, and your family have as you approach your business exit.

Establish Goals

Establishing goals gives your process a target to work toward. Establish one foundational goal, three universal goals, and a variety of values-based goals. The foundational goal, exiting with financial security, will serve as the standard by which you measure every decision you make as you exit. The three universal goals—exit date, chosen successor, and getting the money you want—guide the specific strategies you use



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to exit. Values-based goals allow you to pursue your business exit while doing what you think is right for yourself, your family, your business, and your community.

Quantify Business and Personal Resources

To get what you want in the future, you need to know what you have today. Establish your business' value and determine how much you have in non-business assets. These numbers will give you an idea about how much money you need from the sale or transfer of your business to exit with financial security.

Maximize and Protect Business Value

Focus on growing and protecting business value to give yourself the best chance to leave your business when you want, for the money you need, and to the person you choose.

Sell or Transfer Ownership

If a third-party sale is the strategy that will allow you to accomplish all of your established goals, you'll need to prepare yourself and your company well in advance of the sale. Don't delay in creating an experienced Deal Team and making sure your company is the one that the greatest number of buyers will want to acquire. If keeping the business in the family or with key employees is most important to you, prepare yourself, your company, and your team for an insider transfer. You may want to investigate creative methods to finance a sale, make sure that your chosen successor can run the business without you, and avoid conflicts among business-active and non-business-active children.

Ensure Business Continuity

Though many owners live to enjoy a successful exit, some do not. Protect your family and business if you die or become permanently incapacitated prior to the full implementation of your Exit Plan. This is especially important for owners who never plan on exiting the business, because it gives their families, employees, and customers peace of mind that they will be protected if something horrible happens.

Coordinate Your Estate

Tune your estate plan to the same key as your lifetime plan for your business, your family, and any charitable organizations you wish to benefit. Protect your assets and your family from the risk of creditor claims where possible. Balance your estate among children who are active in the business (and will someday own it) and those who have taken another path.

Where to Start?

Planning for your exit maximizes value, minimizes risk, and keeps you in control until you've achieved financial security. Of course, you're not required to do everything alone. After all, you're the owner of a

successful business with countless responsibilities on your plate. Start with the areas that you feel are most critical.

There's a good chance that you felt alone in the early days of your business. You don't have to be alone as you prepare for a successful exit. If you'd like to talk more about how to begin the process of planning for an exit on your timeline and terms, contact us today.

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