

THE EXIT PLANNING REVIEW™

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Why Owners Choose Not to Sell

Some owners make a choice not to sell their companies for very legitimate reasons. Among them are:

1. They still have enough fire in the belly to fuel their investment of time and energy in the business.
2. They are grooming interested family members or employees to one day assume the reins.

Some owners, however, have businesses that are prepared for sale, but hesitate. Why? These owners typically don't sell when they should because: 1) they procrastinate; 2) they *fear the unknown*; or 3) they *fear losing the known*.

Procrastination

Procrastination on the part of an owner is not uncommon and has many causes.

- First, some owners just don't know where or how to start planning an exit. If you are one of those owners, then reading the remainder of this article is a good start. The next step is to contact our offices to begin the process of creating an Exit Plan that allows you to cash out of your business and leave in style when you are ready to do so.
- Second, some owners think that they can always sell later. These owners overlook the demographic evidence indicating that when most Boomers reach retirement age, the glut of companies in the marketplace may drive prices down. Other owners in this group understand that the level of activity in the Mergers & Acquisition market can have a huge affect on the sale price of a company and their strategy is to wait until the market recovers.
- In the third group of procrastinating owners are those who believe that because they have "good" businesses, their exits require no significant planning. When they think about selling, they assume that there isn't much for them to do because when the time is right, the right buyers will appear and pay them great prices for their companies.

It does happen, albeit quite rarely, that the right buyer appears and pays a great price for a great company. However, it makes more sense to prepare for the biggest financial transaction of your life than to entrust the success of your business exit to Lady Luck.

Fear of the Unknown

Owners who suffer from the fear of *the unknown* usually hold one (or more) of the following opinions:

- I don't think the business is worth enough to satisfy my financial needs and objectives.
- If the employees discover I'm trying to sell, they will all quit.
- Because I'm indispensable to the company, I'll be required to work years for a new owner and I don't like working for anyone!
- The sale process will take too long and cost too much.

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Fear of Losing the Known

On the other hand, the fear of losing *the known* is usually based on the following:

- The business has been my life—or at least it has given my life a great deal of meaning and focus; without it I may feel lost.
- The government will take too much in taxes. It is easier, less risky and more lucrative to stay, enjoy the cash flow and then leave getting paid over time.
- What will I do after I sell and leave the business? I don't know what my life will look like if I leave.

If one (or more) of these concerns resonates with you, let's meet to assess them. We can help you identify which concerns are real and which ones may be easily resolved. We can help you: 1) set and address all of your personal and business objectives; 2) review all of the factors associated with exiting your business; and 3) remove or minimize common roadblocks to a successful exit.

Subsequent issues of The Exit Planning Review™ provide balanced and advertising-free information about all aspects of Exit Planning. We have newsletter articles and detailed White Papers related to this and other Exit Planning topics. If you have any questions or want additional Exit Planning information, please contact us.

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