



## Exiting Your Business Is A Process, Not A Mystery

This issue brought to you by:

**Clarke Langrall, CEPA**  
Forecast Strategic Advisors  
clarke@forecastadvisors.com  
<http://www.forecastadvisors.com>

Nora Chapman's story was typical of most business owners who have made the tough decision to leave their companies. At age 54, she was confident in finding a meaningful second act and was ready to leave her 25-employee advertising business. Nora was thinking of selling to one or two of her key employees and when we met her, her first question was: "Is this the right exit choice?"

Many of you find yourself in the same predicament. You are able to envision your life beyond business ownership, but you don't have a clear picture of how best to "leave your business in style." So what do you and the Nora Chapmans of the world do? Here is what we told Nora.

First, understand that leaving your company is a process. Realizing that life after your business exit can be as fulfilling as your life as a successful owner is simply the first step. The next step is to figure out a way to approach your exit in a methodical, logical, rational manner. Most owners do not put enough thought and planning into their exits because they don't know how to begin, that there's a process available to them, or exactly what issues to consider and analyze.

If that describes your situation, you are not alone. Most owners, and their advisors for that matter, don't know that there is a planning and an implementation process that is methodical, rational and can be tailored to your unique exit goals. It is The Seven-Step Exit Planning Process™.

This Process begins with setting your exit objectives and understanding the value of your business. Based upon what you want and what you have, you can then examine and choose a proper path for you: be it a sale to a third party, a transfer to children, a sale to an ESOP, a sale to a co-owner, or an orderly liquidation. As part of this Process, you also must consider what would happen to the business and to your family in the event your death or disability precedes your planned exit.

Simply knowing the process and proceeding down the Exit Planning path, however, is insufficient. According to the Small Business Administration (SBA) most business owners who begin the planning process fail because they fail to plan. To pursue a successful path, you need a *written* plan that:

- Identifies your exit, financial and other objectives that must be considered; and
- Documents how you are going to achieve those objectives.

Along with this written plan you must have a checklist that:

- Assigns responsibility for each task to be completed throughout the Exit Planning process;
- Sets dates for each task to be completed; and
- Designates the person responsible for completing each task.

### How do you begin?

*"Let us, therefore, decide upon the goal and upon the way and not fail to find some experienced guide who has explored the region towards which we are advancing; for the conditions of this journey are different from those most travel." — Seneca, "On the Happy Life" (AD 58)*

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As skilled and as successful as most business owners are, it can be difficult, working alone, to create and execute their Exit Plans. Rarely have owners made a career of exiting businesses. Those owners who do attempt to craft their own Exit Plans may end up leaving a lot on the table: a lot of money, time and/or their own happiness.

And, as skilled as is your attorney, CPA or financial and insurance representative, each may not be able to craft a successful Exit Plan alone. Successful Exit Planning is a multi-disciplinary effort that requires you and your advisors working together. No one profession covers all of the facets necessary to advise a business owner on the wide variety of Exit Planning issues.

For your Exit Plan to succeed, you need legal expertise, financial advice, tax planning, financial advisory input, and often, consulting ideas. If you decide to sell to a third party, you may require the services of a Business Broker or Investment Banker. You should not expect one advisor to be an expert in all aspects of exiting a business.

What does it take to create an Exit Plan?

- Understand that there is a proven Exit Planning process. Learn as much as you can before you make final decisions.
- Commit to see the process through—holding yourself and others accountable.
- Document your decisions and create a written plan.
- Hire an experienced team of professionals—attorney, CPA and financial or insurance representative (at a minimum) to help guide you through this process. These professionals should more than pay for themselves. If they cannot, you have the wrong team.

If you are to exit successfully, there is much to do. We can help by providing more detailed information on Exit Planning in general, and by giving you a sense of the time and resources this planning and implementation process will take.

Watch your inbox for future issues of this newsletter for more information about various aspects of the planning process. Expect hints to help save taxes, money, and time.

*The examples provided are hypothetical and for illustrative purposes only and do not represent actual client experiences. Subsequent issues of *The Exit Planning Review*<sup>™</sup> 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.*