

Six Steps To a Successful EXIT Strategy

1) Determine the Value for Your Business

Unless you know what your business is worth, you cannot measure how it is performing. Do you know what valuation methodology to use? Would a bank lend money to finance a purchase based on that? Is your price based on what you NEED or what you WANT?

2) Prepare a Disaster Plan (aka, a Continuation Plan)

Prepare a clear plan and document it in writing. Who takes over if you leave today and don't come back? Do they have the authority, ability and stability? Should they keep or sell the business? At what price?

3) Have a Target Date for Transition

Set a goal for when to exit your business and how you want your life to look. *What's your personal vision?* When would you like to turn the business over? What's your next project? **When** is the best time to get out? Will there be a buyer then?

4) Set a Financial Goal

Set a financial goal for what you'll need to maintain your lifestyle. How much will you need? For how long? What will it take to get you there? What if the sale proceeds are not enough? Do you have other assets? What will the "business value gap" be?

5) Make Your Business More Valuable by Making it Less Dependent on You

Increase the value of your business by making yourself obsolete. How much does the business depend on you? Are you the only "key" employee? Can the business survive your exit? Is this business an asset, or is it actually a job?

6) Have Multiple Exit Strategies

Plan ahead to give yourself choices. Are you keeping the business for the family? Is your child the right person to take over? Is there someone out there who will come at the right time, at the right price? Do you have an employee who wants to own a business someday? How do you find the right person? Would a merger be the right strategy? How would an ESOP work?

If you think it was hard getting **into** business, wait until you try getting **out**