

# HIGH POINTS

For Business Owners: What You Need To Know... Now.

## What's In A Good Business Exit Plan?

*"What you really want, and need, from the biz is the ability to leave, under the most favorable conditions... because universal truth is you will leave the business!"*

John H. Brown, Founder Business Enterprise Institute

We understand that business owners are so busy addressing today's economic challenges that they can overlook the critical task of Exit Planning. We also understand that, at some point, every owner will exit their business and when that date arrives, an owner will want to exit on their terms; the two most important of which are financial independence and choosing the person or entity that will buy the business.

Designing a comprehensive Exit Plan—based on your exit objectives and flexible enough to adapt to changing economic, business and personal circumstances – can be the difference between liquidating your company and selling it for millions of dollars.

### CASE STUDY

*Let's look at the characteristics of a good Exit Plan in light of a sad, but common story of two hypothetical business owners who failed to plan. Several years ago, I met with Jim and Tim McCoy, the owners of a thriving construction company. What I assumed would be a business planning meeting turned into a *We-are-getting-out-of-business-so-how-do-we-do-it?* meeting. As successful as they were, the McCoy's were tired of navigating the labyrinth of government regulation and of paying ever-increasing taxes. Ultimately, the day-to-day grind of running a multi-million dollar company had taken its toll.*

*For the McCoy's, a sale to a third party was not feasible not only because neither brother was willing to remain with the company after a sale but also because they had failed to develop a strong management team. Few savvy buyers will purchase a company without a great management team committed to remain after the sale.*

*Transferring ownership to one or more key employees was also out of the question. None had been groomed to assume ownership responsibilities nor had the McCoy's taken action to fund this type of buy-out.*

*Transferring the company to children was impossible because the children of both owners were too young to be active in the company.*

*The McCoy's' only exit option was to liquidate because their highly profitable company had little worth beyond the value of its tangible assets. After the liquidation sale, dozens of employees lost jobs and Jim and Tim left millions of dollars on the table.*

## How can you avoid the McCoys' fate?

**Plan Ahead.** The issues Jim and Tim ignored (among them grooming a management team and failing to plan) proved to be their downfall. But these and most other issues – if addressed in advance of your exit – can be resolved in a manner that: a) is cost efficient; b) enables your business to be transferred; and c) adds to the value of your business. In our experience, most owners with Exit Plans need five to ten years to implement all the strategies necessary to exit successfully. Owners without Exit Plans spend far longer than that waiting and hoping for a buyer.



**Set Measurable Goals.** Your Exit Plan must set goals, provide accountability, and measure results. This is especially important when one goal is to protect and grow value, and minimize taxes.

**Incorporate Flexibility.** Create a plan with the flexibility necessary to react quickly and effectively when the unexpected happens.

**Use A Proven Process.** Ultimately, we suggest that you engage in a proven Seven Step Exit Planning Process™ that has helped thousands of owners to exit in style.

One way to look at our Exit Planning Process is to associate each Step with a question. As you progress through the Process, you will be able to answer “Yes” to each one.

**Step One – Setting Exit Objectives:** Do you know your retirement goals and what it will take—in cash—to reach them?

**Step Two – Determining Business Value:** Do you know what your business is worth today, in cash?

**Step Three – Increasing Business Value:** Have you identified the best ways to increase the value and cash flow of your company?

**Step Four – The Third Party Sale:** Do you know how to sell your business to a third party without getting killed by taxes? (or)

**Step Five – Transfer Your Business to Insiders:** Do you know how to transfer your business to insiders (family members, co-owners, or employees) for cash rather than give it away?

**Step Six – Protect Your Business:** Do you have a continuity plan for your business should you die or become disabled?

**Step Seven – Protect Your Family:** Do you have a plan to secure your family’s financial security should you die or become disabled?

*The thought and actions that go into answering these questions constitutes your unique Exit Plan.  
Contact us for a more in-depth White Paper or discussion on this topic.*

## CONTACT US

The Universal Truth is that every owner will exit their business.

The Question is on whose terms: Circumstance, Others,... or *Yours*?

We work with business owners who want to take action to grow and protect the value of their company:

- Exit Planning
- Tax Reduction
- Risk Management
- Investment in People

Contact Us for a 30-60 Minute Assessment and Consultation.

We listen,

We answer your questions.

[ExitPlanning@Legacyhp.net](mailto:ExitPlanning@Legacyhp.net)

Ask about our Exit Planning Workbook for Business Owners.

Request a dynamic and professional Expert to direct a **seminar or workshop** for your business leaders in your community.

[Experts@legacyhp.net](mailto:Experts@legacyhp.net)

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