
THE TOP 5 REASONS THAT OWNERS DO NOT PLAN THEIR BUSINESS EXITS



This newsletter is written for business owners who may be thinking about planning the exit from their privately-held business but have not yet gotten started with the process. Business owners today are just starting to recognize that there is a unique service to help them with the exit planning process. We offer this information in an effort to help you, the business owner, continue to think positively in the direction of protecting your largest asset by doing this form of planning.

The top five (5) reasons that owners do not plan their business exits are that business exit planning can be:

1. Inconvenient
2. Disruptive
3. Complicated
4. Highly Emotional
5. "Untrustworthy"

It has been said that in order to address an issue you must first recognize it. And, you cannot manage that which you cannot measure. We hope that you can recognize and take a self-assessment as this newsletter discusses each of these five (5) reasons why owners do not pro-actively engage in this form of planning. It is the intention of this newsletter to hopefully have owners identify with these concerns and be pro-active in planning for their business and personal needs.

1. Exit Planning is Inconvenient

In general, looking ahead to address a problem that does not exist today does not make it high on an owner's 'to do' list. Formal planning, consistently seeking professional advice, and writing checks to go through an extensive process are simply not activities that owners undertake on a regular basis. It is likely that these owners at some point in their career were let down by an advisor who did not deliver on their promises – that is very inconvenient and expensive for an owner both in terms of money and time.

themselves tough questions, such as 'what will I do with my time?' and 'who will I be when I am no longer the owner of this business?' Also, the thought of an exit is subconsciously aligned with death. Many owners 'quietly' view the exit planning process the same way that they see their own estate planning – as something that is great, coming to an end. Resolving these personal issues is critically important and a highly emotional process.

5. Exit Planning Can Be "Untrustworthy"

Many owners consistently receive poor and incomplete advice from their 'trusted' advisors. 'Trusted Advisors' come in two (2) different forms. First are the advisors that an owner pays and next are the 'friends and family' that the owner turns to for advice. Owners receive poor and incomplete advice from both forms of 'trusted' advisors, many of whom are well intentioned but have no training or experience with going through an exit planning process. First, the rule of thumb to follow from a well-intentioned friend who is giving you advice on your exit is to try to take advice from those with experience in exits and/or have gone through a transaction themselves – not from a friend who is trying to be helpful but is not knowledgeable of the process.

For owners who are untrusting of the exit planning process, remember that your advisors do not, and will not know what you really want to achieve with your exit unless and until they ask you and you tell them. Without knowing your goals for an exit, they cannot provide you with comprehensive advice. Therefore, in today's marketplace we see many well-intentioned advisors providing 'technical' solutions that do not necessarily equate to comprehensive 'exit planning'. Remember that exit planning is a process that can be trusted but when advisors begin with the solutions before following a process, they provide poor and incomplete advice.

Concluding Thoughts

We hope that this newsletter helps you to see why most owners do not plan for their business exits. In doing so, it is our hope that you see yourself in these examples and that, in doing so, you are empowered with the idea that planning your business exit is critically important and not as difficult a task as it may initially appear to be. Of course, taking the first step is always the most difficult but our office is available to assist with helping you to do just that.

Are you ready for next steps? Click to complete our Business Readiness Survey and connect with our team.