

EVERGREEN® EXITS

A DIVISION OF EVERGREEN WEALTH SOLUTIONS

ARE YOU READY (EMOTIONALLY) TO EXIT YOUR BUSINESS?



As a business owner who is thinking about an exit from your business, you face a unique set of challenges. These 'exit planning challenges' are so unique that statistically only a small percentage of business owners make a successful transition from their privately-held business into retirement. One of the primary reasons for this high failure rate is the personal nature of a business exit. And, unlike a 'retirement' from a standard position within a large business, the exit from your businesses is, generally speaking, far more significant.

This newsletter addresses these personal changes and asks if you are 'emotionally' ready to exit your business.

The Meaning Behind Owning a Business

Creating and growing a privately-held business is far more than a job; in fact, that business is often a large part of an owner's identity. There are both personal and practical factors driving this strong tie to the business, including:

- Being the 'boss'
- Having control over one's destiny
- Achieving personal goals through the business creation process
- Enjoyment of influencing and empowering others
- Personal wealth creation (the business pays a lot of personal expenses)
- Personal guarantees tied to business loans
- Personal promises and contracts made with co-owners and partners
- Recognition as a 'successful owner' in one's community

As a privately-held business owner, you are intimately tied to your business at both a personal and professional level. Because of these various ties to your business, owners experience varying results when it comes time for an exit. Many owners will start the exit planning process only to discover that they do not have the proper structure in place to create or implement a plan. Still others have, to date, only contemplated exiting their business and moving on to retirement but have not started the process because of their lack of “mental readiness.” We’ll go into greater detail later on these types of owners to further assist you in taking the next step.

Characteristics of Mental Readiness

Owners who have a high mental readiness to exit their businesses typically have the following characteristics:

- They are not intimately involved in the day-to-day running of the business.
- They have a plan as to how they will spend their time away from the business.
- They view their businesses as an investment and can measure the return on that investment.

Owners who have a low mental readiness to exit their businesses typically have the following characteristics:

- They are very involved in the day-to-day running of the business; the business cannot run without them.
- They have not given much thought as to how they will spend their time when they no longer own their businesses.
- They view their businesses as a job that supports their lifestyle.

Taking the time to plan your exit can be challenging because you are very busy taking care of everyone else – your customers, your employees and, of course, your family. Sometimes, you may even be a little uncomfortable thinking about or discussing these softer, more personal issues. Time spent now on these issues will pay dividends down the road and having a solid understanding of your ‘mental readiness’ to exit your business is a great first step in the overall exit planning process.

In fact, some would argue that assessing mental readiness is the most important step in the process of retirement or exit planning and that, unless special

care is taken, it will be difficult to move forward with a successful exit. This is where owners tend to get stuck!

Stages in the Exit Scenario

Within this complex fabric of baby boomer-aged business owners heading into retirement, where do you see yourself in the big picture?

- **Stage One** owners have contemplated exiting their businesses, but have not started the process. They have taken no action; they have not discussed their hopes and dreams with friends, business colleagues or family.
- **Stage Two** owners have implemented action steps to start the process of exiting their businesses but, due to a variety of factors, are stalled in midstream.
- **Stage Three** owners have successfully exited their businesses and are now living a fulfilling and satisfying life.

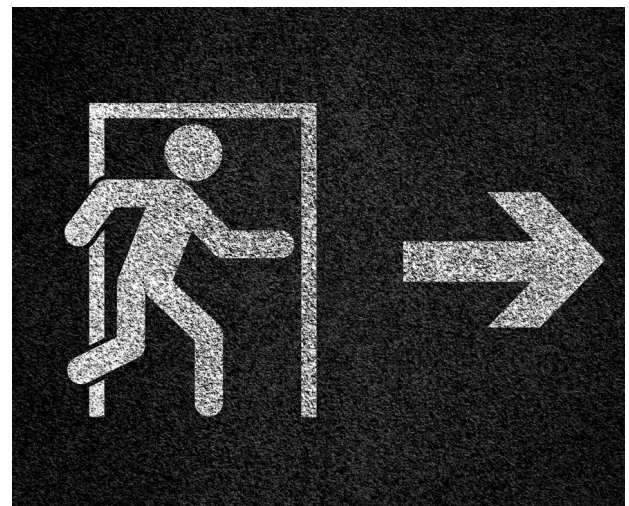
If you are a stage-three, former-owner and have completed a successful exit, you represent less

than an estimated 5% of the population of business owners. Congratulations!

If you fall into one of the first two categories, know that you are not alone in this planning. There are professionals to help you with the technical and non-technical issues. The key is to start the process now, as it usually takes years to plan for a successful exit.

Concluding Thoughts

Successful business exits do not happen by themselves. In fact, an owner needs to be an active participant in the exit planning process to help assure success. And, by knowing your emotional or 'mental' readiness for your exit, and developing a plan to advance to the next steps, you are being proactive in addressing your situation and increasing your likelihood of success.





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