



EVERGREEN® EXITS

A DIVISION OF EVERGREEN WEALTH SOLUTIONS

RECENT BUSINESS OWNER SURVEY RESULTS: 58% OF OWNERS SURVEYED CANNOT AFFORD TO EXIT AND DO NOT WANT TO

In a recent national survey (May 2023) conducted by the International Exit Planning Association, a national leader in the field of exit planning, it was revealed that 58% of business owners who are considering a future exit from their privately-held business currently have both a Low Financial Readiness as well as a Low Mental Readiness for an exit. The IEPA categorizes these owners as Stay and Grow business owners and this newsletter discusses these findings and provides insights for owners of privately-held businesses to learn whether or not you fit this description and, if so, what you can do to improve your chances of a future, successful exit.

Exiting Your Business, Protecting Your Wealth – Financial and Mental Readiness

In October of 2008, John Wiley & Sons published John Leonetti's book, Exiting Your Business, Protecting Your Wealth – A Strategic Guide to Owners and Their Advisors.

This seminal book on the topic of exit planning provides a system for owners and their professional advisors to plan a business exit. This 6-step exit planning system surveys owners about their Financial and Mental readiness for an exit using a twenty (20) question, ten (10) minute online survey tool called the Business Exit Readiness Index™ (BERI) Report. The BERI™ survey tool places business owners into one of four (4) categories of 'exiting owners'.

Four (4) Types of Exiting Owners

The Exiting Your Business exit planning system ranks owners as one of the following:

1. Rich and Ready to Go
2. Stay and Grow
3. Well Off but Chooses to Work
4. Get Me Out at the Highest Price

The factors that place an owner into one of these groups are driven by their financial stability and relative

independence outside of the business as well as their desire to continue working at their companies.

As mentioned earlier, **58% of business owners surveyed were categorized as Stay and Grow owners**, meaning they DO NOT have enough money saved outside of their business to support their lifestyle AND they WANT TO continue working in their companies for the foreseeable future.

Traits of the STAY and GROW Owner

The following attributes apply to 53% of owners who are categorized as Stay and Grow. These descriptions come from Chapter 4 of the Exiting Your Business book as well as from the BERI™ Report questions.

As a group, Stay and Grow owners generally:

- Want to continue working
- Remain interested and focused on growing the value of their businesses
- Enjoy their work but would like to begin to diversify their wealth
- Have not put their plans in writing
- Estimate the value of their business to be more than 50% of their total worth
- Like the idea of a management team but have not made the commitment

- Have not completed their personal planning in the areas of estate and financial planning

These traits vary in degree amongst different owners, but are the general areas where they all provide similar answers. Therefore, a Stay and Grow owner is someone who not only is highly interested in continuing to do what they are doing, but they also do not have the formal plans for the financial ability to stop working in their businesses. Again, 58% of the survey respondents fit this category.

Are You a Stay and Grow Owner?

Many of the traits above may (and likely do) describe your current 'readiness' for your own business exit. If that is the case, then it may make you feel good to know that you are in the majority of your peers who also rank themselves the same way.

A Little Planning Can Go a Long Way

Many owners who are Stay and Grow realize that despite the fact that they enjoy what they are doing today and are financially 'required' to continue doing the work, one day they would like to be able to choose the manner in which they successfully exit their businesses.

One of the best ways to prepare for a future exit if you are a Stay and Grow

owner is to make a conscious effort to continue to save money outside of your business, while you also look to increase the value and transferability of your business so that someone else can own it after you.

Concluding Thoughts

We hope that this newsletter has accomplished the objective of having you understand what it means to be a Stay and Grow owner and, if you fit that description, how you can better understand your situation and make plans for a future, successful exit.

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