
ADOPTING AN EXIT PLANNING PROCESS AND MINDSET



The mindset of a privately-held business owner is difficult to accurately describe. Some years there is success while other years are a struggle. And an owner's mindset will often-times shift, based upon the overall state of their business. This newsletter is written to encourage privately-held business owners to adopt an exit planning process and to develop an exit planning mindset, no matter where the financial or operating condition of your business stands in any given year. To assist you with this task, we address the topic of Adopting an Exit Planning Process and Mindset as the first step in Creating a Transferable Business™.

Visualization Creates your Future

Business owners understand that

a process of building a plan for the future is not as much about developing short and long-term objectives as it is about having the owner envision what the future is going to look like. Business plans get managers aligned with their goals to achieve certain milestones and are a critical part of a successful business.

However, what is also critical to the process of Creating a Transferable Business™ is adopting an 'exit mindset' that applies to all of the decisions that you are making in your business. In order to best develop that exit mindset, it is essential that you first go through an exit planning process.

Exit Planning is a Process, Not an Event

Getting into business is often a relatively easy task. But successfully getting out of a business – and having that business carry on without you – is a complex process that happens over the course of many years. To be clear, we are not necessarily talking about the sale of a business when we talk about an exit. Rather, we are discussing the many considerations that an owner needs to address in order to get their head around the idea of their business continuing on without them.

When done properly, an exit plan is created over a long period of time and is a process-driven exercise.

Adopt an Exit Planning Process

An exit planning process is one that helps owners understand their goals, measure their readiness to meet their goals, and then discover the exit options and the relative valuations that will produce the overall best result for each individual owner. Every owner and every company are different in their goals.

The most important part of an exit planning process is that an owner gain clarity around what they want to achieve and begin to think through the manner in which they are going to achieve that goal.

When you commit to an exit planning process that walks you through the specific steps mentioned above, you begin to develop an exit mindset. This simply means that the exit planning process is an educational process that assists each owner in considering not only what is going to happen in the future, but also what each owner can do today to begin to make that vision a reality. An exit planning process that leads to the development of an exit mindset is essential to Creating a Transferable Business™.

Developing an Exit Planning Mindset

When you complete an exit planning process, you should have a solid exit mindset. What this means is that you have a clear vision of what you want to accomplish with your business and your personal goals in the

future and you also have a number of immediate objectives that you can identify that will help you to head in the direction of achieving those goals.

An exit mindset is simply a lense through which you evaluate all of the decisions that you make in your business. The question that most owners ask when they develop their exit mindset is: “are the actions that I am taking today simply executing on a short-term objective or are they contributing to a successful transfer of my business to someone else in the future?”

If you are considering having your business continue to run and be owned by someone after you, this is one of the most important questions that you can ask yourself on a daily basis. When decisions are viewed through this lense, then one decision at a time, your business begins to shape itself in the direction of one that can run without you and aids you in the process of Creating a Transferable Business™.

Benefits of an Exit Mindset

An exit mindset provides perspective for your strategic and tactical decisions. An exit mindset forces owners to ask whether or

not the decisions that they are making today contribute to Creating a Transferable Business™. And an exit mindset gives business owners confidence and peace of mind that they are moving in the direction of protecting the illiquid wealth that is trapped in their privately-held business.

In short, an exit mindset is a pro-active approach to Creating a Transferable Business™. And, without this mindset, you may find it very difficult to identify a future owner who will see the value in owning your business after you.

Concluding Thoughts

Creating a Transferable Business™ is a challenging task which requires a certain mindset. We hope that this newsletter helps to provide a roadmap for understanding what type of commitment and mindset may be required of you to achieve your goals. We also hope that this newsletter helps you in making an initial determination of whether or not your business is actually transferable to someone else and which areas you need to improve to have a higher total ‘transferability score’ on the path to Creating a Transferable Business™.



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