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BUSINESS TRANSITIONS

COMMITTING TO GROWTH AND EXIT PLANNING IS THE FIRST STEP TO SUCCESS



There is an old saying that 'doing the same thing over-and-over again and expecting a different result is the definition of insanity'. As the owner of a privately held business, it is likely true that a majority of your personal net worth is tied to your illiquid business. How and when you grow and exit your business, therefore, is likely one of the largest determinates of how you will eventually define success for your business and reach your personal goals.

This newsletter is written to help business owners realize that making changes to your business planning can be difficult. This includes changes to the way that you plan for the growth of your business as well as changes to the way, if any, that you view your eventual exit from the business. The critical first step for most owners, in order to change your thinking on your growth and exit planning is to make a commitment to do so.

What is Involved in a Commitment?

It is hard to do things differently once you have developed certain habits. And the habits of business owners are well engrained because of the daily demands of running your company. A commitment to doing things differently is often what is needed most, before any real change will occur. Let us use getting into better physical shape through diet and exercise as an example of making changes that you know are good for you but can be difficult to implement.

Committing to Getting Into Better Physical Shape

If you know that being in better physical shape is good for you and you are going to commit to getting into better physical shape, then the first step is likely to join a local

gym near where you live and / or work. The physical environment of a gym is designed to focus on exercise. So, by getting yourself into a suitable environment you help make the changes that you seek. Along with physically going to the gym, there are also the financial and psychological commitments that you make to set the stage for getting into better physical shape.

But, without a change in your habits, your gym membership alone – including your physical, financial and psychological commitment - will not help you with your progress. To fully commit you need to actually show up and get in the habit of doing certain work-outs, allocate the time to exercise (and diet), perhaps hire a coach and follow the guidance of a professional who has decided to help other people get into physical shape as their career. And, as we know, commitments, such as New Years' resolutions, are certainly not easy and are often short-lived. Deciding to commit to a growth or exit plan for your business has a similar dynamic . . . you may know that it is good for you but it can be hard to commit to.

The Larger 'Why' Behind a Commitment

Often the larger 'Why' of getting into better shape is what drives the thoughts and actions towards making a higher level of commitment.

We find that people stick to their original commitments when they truly understand the 'why' of that commitment. For example, some reasons why you would decide to get into better physical shape are to:

- Be active and feel better
- Be more engaged with family
- Be more productive at work
- Have more energy
- Know that being in better physical shape will likely lead to fewer health issues as you get older.

Knowing 'why' you commit to getting into better physical shape is often the driving force behind sticking to a commitment.

So, why would an owner want to commit to grow their business to the next level? 'Why' would a busy business owner take time, money and resources to plan for the future equity of their company?

The 'Why' Behind Growth and Exit Planning

For each owner the answer as to 'why' you want to plan for your

growth and or exit event is different. Some of the reasons to do so are below:

- To make more money
- To transfer a business to a family member
- To Win in the marketplace because you are naturally competitive and don't see other alternatives
- To reach your personal goals
- To achieve certain levels of time and money freedom
- To be able to give more back to your community through your larger business.
- To feed your ego

Whatever your particular reason is for your 'why' of planning for the growth and / or exit of your business it is helpful that you are clear about it. Being clear about the 'why' of your planning will help you make and stick to the commitment.

Concluding Thoughts

We encourage business owners reading this newsletter to think about your business' current growth and exit plans. Then think about why you want to grow your business and why you might want to plan for an eventual exit.

For most owners that we work with, the larger 'why' has to do

with financial security for their family and longevity for their business and the employees (and all stakeholders) who are a part of, and rely upon, what you have built with your tireless efforts.

We hope that this newsletter is helpful to your thought process on this topic. And if you want assistance with understand the growth and exit planning process, making commitments, and understanding your 'why' please give us a call.



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Clarity for Your Exit. Confidence for Your Future.

If you have questions or would like to explore these ideas further, we'd be happy to connect. Reach out to Ed at Edbarone@kintrawealth.com

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