

Your Exit Plan





What is an 'Exit Strategy'

- An exit strategy is a contingency plan that is executed by a business owner to liquidate a position in a financial asset or dispose of tangible business assets once certain predetermined criteria for either has been met or exceeded. An exit strategy may be executed for the purpose of closing a business that is not generating profits. In this case, **the purpose of the exit strategy is to limit losses**. An exit strategy may also be executed when an investment or business venture has met its profit objective. Other reasons for executing an exit strategy may include a significant change in market conditions due to a catastrophic event; legal reasons, such as estate planning, liability lawsuits or a divorce; or **for the simple reason that a business owner/investor is retiring and wants to cash out**.

BREAKING DOWN 'Exit Strategy'

- An effective exit strategy should be planned for **every positive and negative contingency** regardless of the type of investment, trade or business venture that is entered into. This planning should be an integral part of determining the risk associated with the investment, trade or business venture.

Exit Strategy for a Business Venture

- In the case of a startup business, **good business people always plan for a comprehensive exit strategy in case business operations don't meet predetermined milestones Or, LORD WILLING, IF THEY DO.** If cash flow draws down to a point where business operations are no longer sustainable and an external capital infusion is no longer feasible to maintain operations, then a planned termination of operations and a liquidation of all assets are sometimes the best options to limit any further losses. **Most venture capitalists usually insist that a carefully planned exit strategy is included in a business plan** before committing any capital. Business people may also choose to exit if a very lucrative offer is tendered by another party for the business.

Read more: [Exit](#)

[Strategy https://www.investopedia.com/terms/e/exitstrategy.asp#ixzz5CPz2age3](https://www.investopedia.com/terms/e/exitstrategy.asp#ixzz5CPz2age3)



Always have an Exit Strategy

Why do I need one?

- What if I fall in love with someone in Tahiti?
- What if my kids aren't interested in taking over my business?
- What if I get burned out and decide I'm done?
- What if I need or want to sell my business because I'm retiring or interested in another business venture?
- What if I get hit by a bus?

SOMEDAY, MR. NICKY COPERNICUS,
SOMEDAY YOU'LL LEARN THAT THE
WORLD DOESN'T REVOLVE
AROUND YOU!



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How do we prepare our business to continue even if we aren't there to guide it?

What Every Successful Entrepreneur *Knows*

The E Myth
Revisited

A yellow starburst graphic with a scalloped edge, containing the text "MORE THAN ONE MILLION COPIES SOLD!" in black, uppercase letters.

Why Most Small
Businesses Don't Work
and What to Do About It

MICHAEL E. GERBER

The World's #1 Small Business Guru

Systems and Processes

- A compilation of systems and processes help create an **Owner's or User's Manual** for how to run the business
- How your business can go on without you
- A way of running your business as if you could exit, with a minimum of fuss, at any time
- This makes the business much easier to sell if necessary or if the opportunity arises
- It also makes the business more valuable

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VANER



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Financial Management

- Keep your books as if you'll be selling any minute
- Stay on the up and up
 - It's much harder to sell a business with books that mis-state income

Bottom Line

- It is never too soon to plan an exit strategy
- It is responsible to plan for multiple exit strategies
- An owner's manual is an important tool allowing us to hand off almost all responsibilities if necessary or desired
- Run our businesses as if we could exit at any time even if we have no intention

Retirement or sale of biz = Identity crisis?

My name is Twilight Sparkle.
What's yours?



I DON'T KNOW
ANYMORE



OH DEAR DID WE NEGLECT
TO READ THE CONTRACT
THOROUGHLY?



Importance of Discretion



