THE SEVEN STEP EXIT PLANNING PROCESS™

There are many tools available to help individuals get into business, but few that help them get out. The Exit Planning Process is a customized comprehensive approach to designing and implementing a business owner's successful exit from his or her business. Exit Planning uses an owner's unique personal objectives to convert his or her current reality into the desired outcome. The Exit Planning Process helps maximize the financial return, minimize tax liability, plan for contingencies and increase the likelihood of a successful transfer of the business.

"I can't really plan for one area of my future without planning for all areas that relate to my business and personal wealth."

STEP 1

OWNER OBJECTIVES

Each business owner's unique objectives drive the creation of his or her Exit Plan. Step One articulates and tests owner objectives so that the comprehensive Exit Plan focuses on achieving those goals. Key exit objectives that will be identified as part of the Exit Planning Process include: (1) the owner's desired departure date, (2) the value that the owner wants or needs from the business, and (3) the individuals or entities to whom the owner wants to sell/transfer the business.

STEP 2

BUSINESS AND PERSONAL FINANCIAL RESOURCES

Step Two determines what owners have – how much the business is worth and how much cash flow the business can generate for Exit Planning. The current value and projected cash flow, along with other non-business assets and income, are used to determine the paths and planning tools available to reach the owner's objectives.

STEP 3

MAXIMIZING AND PROTECTING BUSINESS VALUE

The elements that build the value of a business or protect the value the owner has worked so hard to create are called Value Drivers. In Step Three, owners and their advisors identify which Value Drivers are important to meeting the owner's overall exit objectives and devise specific steps to maximize the impact of the Value Drivers.

STEP 4

OWNERSHIP TRANSFERS TO THIRD PARTIES

During Step Four, owners who want to sell their business to a third party will work with their advisors to identify ways to do so in the manner that results in the most beneficial sale price and terms. Not all business owners go through Step Four – those who don't either retain their ownership long-term or skip to Step Five.

STEP 5

OWNERSHIP TRANSFERS TO INSIDERS

Step Five includes a detailed plan to transfer the business to insiders (children, key employees or co-owners). Careful planning in Step Five allows the owner both to receive the desired value from the business and minimize risk, while using the resources of the business should the purchaser have little or no personal capital.

"I need to feel like all aspects of my planning are tied together in one coherent plan."

STEP 6

BUSINESS CONTINUITY

Step Six prepares the owner for the contingencies that affect the business and its owners. A complete Exit Plan incorporates potential changes, such as death or permanent disability of an owner so that the owner's objectives can still be achieved if circumstances change.

STEP 7

PERSONAL WEALTH AND ESTATE PLANNING

The sale of a business generates cash for owners, their families and the IRS. During Step Seven, owners and their advisors create a plan that not only preserves wealth, but minimizes taxes using both lifetime and estate planning tools.