



Exit Planning *for Business Owners*

Business Owner Survey Report

Planning for the future and creating certainty from ambiguity have always been essential to crafting successful business plans. Business Enterprise Institute, Inc. (BEI), in collaboration with its national network of Exit Planning Advisors, conducted an in-depth survey of business owners in order to understand and support business owner goals, challenges, concerns and opportunities. The results were fascinating. The survey results we received from 354 participants show some very clear challenges to come in the next 5-10 years as business owners look to transition into retirement and the next phase of their lives. We surveyed business owners from across North America about their plans for the day when they will no longer be an integral part of the companies they run and found that, for many, that day is fast approaching with few, if any, concrete plans in place to handle a smooth transition of ownership.

Survey questions focused on owners' business planning priorities, how they intend to go about planning for their exit, steps they have taken to create a smooth, fiscally sound transition, and how their business Exit Planning ties into their personal planning. BEI works with advisors and business owners to help create robust Exit Plans that maximize value and minimize risks while keeping the owner in control. The survey responses show a strong need of business owners to take a more thoughtful, deliberate approach in handling their transition out of the business. The BEI Exit Planning process is an adaptable and customized process that business owners use so they can leave their businesses on their own terms and on their schedule.

What is Exit Planning?

“Exit Planning is a process that results in the creation and execution of a strategy allowing business owners to exit their businesses on their terms and conditions. It is an established process that creates a written road map, or Exit Plan, often involving efforts of several professionals, facilitated and led by an Exit Planning advisor who ensures not only the plan creation, but its timely execution.”

– John H. Brown, Author

How To Run Your Business So You Can Leave It In Style



Owners are entering the retirement phase of their lives and beginning to plan for what's next . . .

75% HAVE NEVER TRIED TO EXIT A BUSINESS.

. . . so they are interested in learning more about what is involved in the Exit Planning process.

69% PLAN TO EXIT IN THE NEXT 10 YEARS.
(MOST ARE IN 50-75 AGE RANGE)

• 89% KNOW WHAT THEY WILL DO AFTER THEY EXIT.

. . . so we have reached the critical time for these business owners to begin planning.

32% HAVE DISCUSSED EXITING THEIR BUSINESS WITH THEIR SPOUSE AND FAMILY MEMBERS.

. . . BUT, not more than 15% of owners have talked to an advisor type about their future as an owner, so it's time to start the conversation.

100% OF BUSINESS OWNERS WILL STOP BEING BUSINESS OWNERS AT SOME POINT, WHETHER THEY PLAN FOR THAT DAY OR NOT.

So why do only . . .

38% OF RESPONDENTS THINK THEY HAVE IDENTIFIED ALL STEPS NECESSARY TO SUCCESSFULLY EXIT THEIR BUSINESS.

8% HAVE PUT THOSE STEPS INTO WRITING.

Talking to family and friends is an important part of the emotional journey, but too often does not result in any planning or action.

PLANNING SOLUTIONS are like building blocks – each has its own unique purpose, and together as a whole they are much more powerful than any individual strategy. So, start planning today with the ideal end result in mind, and the future will start to take shape.

Of business owners looking to make a transition from their businesses . . .

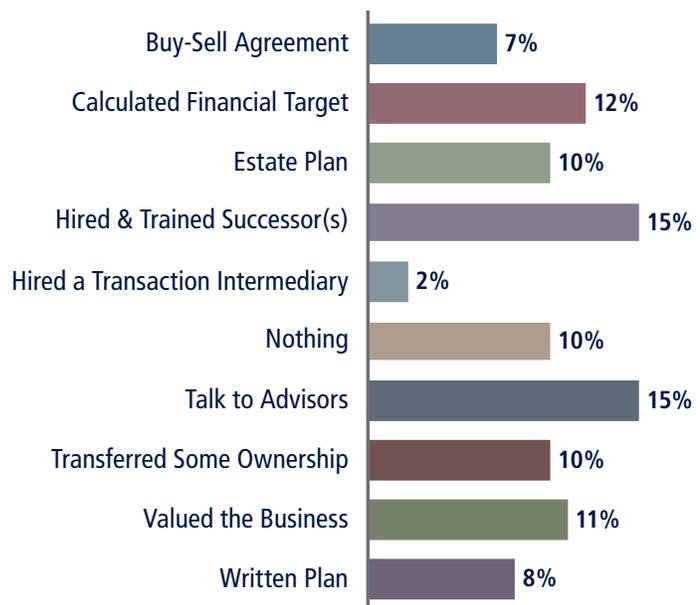
15% HAVE HIRED AND TRAINED EMPLOYEES TO TAKE OVER KEY BUSINESS RESPONSIBILITIES.

So . . .

85% DO NOT HAVE SOMEONE WHO CAN REPLACE THEIR SKILLS AND/OR RESPONSIBILITIES.

10% HAVE DONE NOTHING AT ALL.

WHAT OWNERS HAVE DONE SO FAR



Factors beyond an owner's control influence the decision process, but can be easily overcome through the creation of an Exit Plan.

TOP REASONS CITED AS PREVENTING OWNERS FROM MOVING CLOSER TO A SUCCESSFUL FUTURE:

19% INSUFFICIENT BUSINESS VALUE

17% LACKING THE RIGHT PERSON TO LEAD THE COMPANY

17% THE BUSINESS NOT LENDING ITSELF TO EASY SALE

While 38% said their businesses represented 60-100% of their personal wealth, 20% predicted their exit would come about through factors beyond their control. Can business owners afford to leave the handling of their most valuable and most treasured asset to chance? A well-designed Exit Plan converts each business owner's vision for the future of the business into a series of manageable action items that can effectively minimize risk and focus the attention of all those involved on a successful future for the business and its owner.

POLITICAL & ECONOMIC UNCERTAINTY

"Life's uncertain and unpredictable. Starting a business is an incredibly risky endeavor and you've succeeded where so many others have failed. Why fear what you can't control and instead prepare to succeed despite whatever circumstances may arise? Creating a comprehensive plan protects you against economic decline and minimizes the tax burden of your transaction."

– Elizabeth Mower, JD, MBA, Manager of the BEI Advisor Network

Family, Travel, Community, New Challenges . . .

Owners who were ready to exit were looking forward to retiring, spending more time with their family and increasing their civic and philanthropic endeavors. When asked what activities owners were looking forward to after exiting their businesses, 83% of responses selected were leisure pursuits or vocational endeavors that transitioned them to retirement. Only 12% of selections involved continuing on as the owner/leader of a business.



Many business owners were ready to exit 7 years ago, but plans were disrupted by the recession. Creating a customized, comprehensive Exit Plan now prepares each business owner for whatever happens next.

PLANNING + ACTION

allows business owners to

SET THE COURSE

for the future of their businesses,

REAP THE REWARDS

of a lifetime of hard work, and

AVOID PITFALLS

and surprises whenever possible.

BEI supports the most successful Exit Planning Professionals in the industry with educational materials and planning tools, techniques and software.

Exiting a business takes time and careful planning in order to obtain maximum value through a smooth transition.

- Can you get the value you need from your business? (50% said their businesses lacked the value they needed necessary to accomplish a successful exit)
- Do you have leaders in place to fill your shoes? (Only 15% said they had hired and trained leaders to fill their position in the company)
- Are you ready to handle circumstances beyond your control?

BEI-trained Exit Planners help business owners handle the many problems that are commonly overlooked when creating an Exit Plan.

Staying in control of the business has been a top priority of business owners across all of our studies. The best way to maintain this control is through a well-thought-out Exit Plan. Leaving plans open and unconsidered leads to rushed decisions that may fail to obtain fair value for the company and create a hectic, disruptive transition for employees.

Contact your Exit Planning Advisor to learn more about Exit Planning or to get started planning for the future. Exit Planning workshops, business owner assessments, and planning solutions are available through your local BEI Exit Planning Advisor.



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