

WHAT IS EXIT PLANNING?

Exit Planning noun

ex·it plan·ning

- 1 : Exit planning combines the plan, concept, effort, and process into a clear, simple strategy to build a business that is transferable through strong human, structural, customer, and social capital. The future of the business owner, their family, and the business itself are addressed by exit planning through creating value today.
- 2 : Exit planning is not just a plan. It is a strategy rooted in execution that grows value while expanding options so that an owner can transition the business on their terms when they are ready. It aligns the business, personal, and financial needs of the owner.

“Exit is not transactional. Exit is now. Exit planning is a business strategy, there is nothing different. By having a business owner understand that and then integrate it into their lives and business, they gain a better and more successful company today, and a more valuable and significant one for the future.”

Scott Snider, President, Exit Planning Institute



Planning for Business, Personal, and Financial Goals

Exit planning prepares an owner for the eventual sale of their business while building significant value in their business today.

Begin by determining your personal purpose and identifying your personal financial needs. Use your business to drive income, and ultimately, drive transferable value to create the financial means to reach your personal goals.

What Exit Planning is **Not**

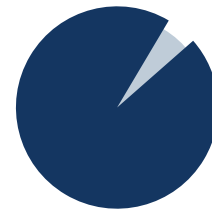
Most owners view “Exit Planning” in a literal sense: Planning to exit their business. It is something they begin when they are ready to sell, transition, or liquidate their business. However, if the “exit planning” only begins when they want to leave, owners leave a lot of value on the table during the transaction.



BUSINESS PLANNING

By focusing on value, other aspects of the business have positive outcomes. Maximizing business value, not business income, should be the primary goal for business owners.

TRANSITION STRATEGY



95%

of owners agreed that having a transition strategy is important to both their future and the future of their business

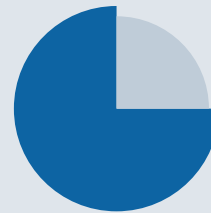
*However, 65% indicated they had no written transition plan.



PERSONAL PLANNING

Personal goals should drive the business, not the other way around. Understanding your Personal Purpose ensures that you have a fulfilling life after exit.

OWNER REGRETS



75%

of owners profoundly regret selling their business within one year of the transaction

What percentage of owners have a written personal transition plan for their business exit?

6% in 2017

52% in 2022

46% INCREASE IN OWNER PREPAREDNESS

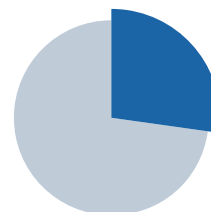
Increase from 2017 to 2022 as a result of Exit Planning Institute's commitment to exit planning education.



FINANCIAL PLANNING

Clearly defined financial planning is critical for the ultimate success of a business exit.

POST-BUSINESS PLANNING



27%

of business owners have no financial plan for their life post-business

What is a Wealth Goal?

The process for exiting is driven by a wealth goal. The wealth goal is motivated by what the business owner wants personally in life, both now and after the sale of their company.

CLOSING THE WEALTH GAP

The difference between the amount of money your business is worth based on a valuation and the amount of money you need to sustain an enjoyable third act is known as the Wealth Gap.