

# BUSINESS EXIT STRATEGY CHECKLIST

It is never too early to start exit planning. For the best results, start your planning at least five years before you wish to exit. Your plan will need to be flexible to accommodate circumstances beyond your control. Use this checklist to help guide you through the high-level discussions and planning you will need to prepare for.

## Develop Your Personal Goals

- Create your advisory team with a financial planner, accountant, legal counsel, valuation expert, and business broker, if applicable
- Work with a financial advisor to determine your post-exit income goals
- Calculate how the business exit will fund your retirement income needs based on the current value
- Review your supplemental retirement income opportunities in case the business doesn't provide enough income to meet your needs
- Review/establish your estate plan
- Create a retirement plan including:
  - Personal statement of exit objectives
  - A schedule for transferring ownership
  - Defined roles for management and family members
  - Communication plan for stakeholders and employees
  - Communication plan for customers and suppliers
  - Contingency plans in case of unexpected scenarios

## Decide On Your Exit Strategy

- Meet with your advisory team to discuss which of the 6 exit strategies you will choose:
  1. Pass ownership to family
  2. Sell to key employee
  3. Create an Employee Stock Ownership Plan (ESOP)
  4. Sell to a third party
  5. Merge with another company
  6. Sell assets and liquidate

## Get the Business Ready

- Create a business analysis of financial and operational performance
- Review your buy-sell agreements
- Hire a business valuation expert
- Develop a succession plan for family members employed with the business
- Develop a succession plan for key management personnel
- Compare business valuation to financial goals and develop a strategy to close the financial gap if necessary
- Develop a plan to preserve the company value until the sale
- Prepare for the due diligence process and shore up any areas of concern
- Develop a business continuity plan

## Develop a Tax Planning Strategy

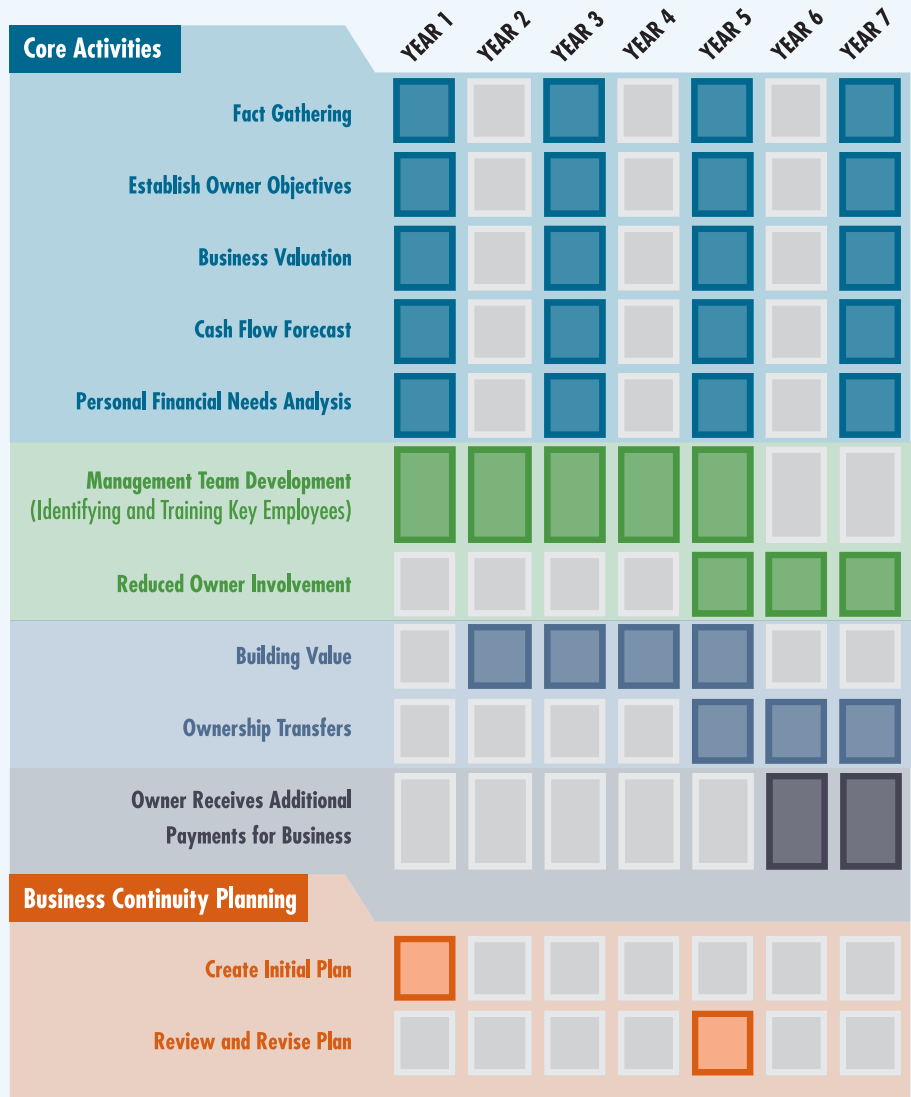
- Discuss options to minimize tax liability using gifting or trusts
- Compare the tax implications of each type of sale:
  - Installment Sale
  - Outright Sale
  - Family Transfer
  - Employee Stock Ownership Plan
- Review taxation issues for C Corp or S Corp entity choices

# Sample Timeline

The following chart provides a snapshot of the core activities involved in exit planning and a sample 7-year timeline. Of course, things can be adjusted based on your specific needs with an eye to the type of exit you are planning.

## SVA Can Help

SVA has the expertise and resources you need to tackle your exit planning. We know as a business owner you are busy running the day-to-day of your business. The transition of your business might not be top of mind today. We will help you develop a plan to exit your business when you want, with the income you need, and transfer to the successor of your choosing.



## Contact Us for Objective Business Advice

Learn more about how we deliver *Measurable Results.®* to businesses like yours.

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