

Why Should You Exit Plan When You Have No Plans To Exit

We've all pitied the well-past-his-prime athlete who refuses to retire. Does the aging business owner who stays in his business deserve our pity as well? Is there something wrong with an owner who refuses to retire — not because he needs the money or the status, but--because he finds little meaning and significance in a life without his profession?

An athlete's failure to perform will force his exit from the playing field. But the same is seldom true for the business owner. Some owners simply find more satisfaction in staying active in their companies, despite age, despite all business achievements and, often, despite enormous financial success. Should those owners leave?

Should you leave your business just because your friends are retiring or you became entitled to Social Security years ago? Or should you continue on, perhaps until you find the benefits of exiting the business to be greater than those awarded for staying at the helm?

It is inappropriate for anyone to suggest that you, the creator of a business, should exit before you choose to do so. Perhaps you are unwilling to leave because you have not taken time to think about life after business. Perhaps remaining active in your business gives your life ongoing meaning and significance. Your passion for the business may be as strong as ever.

Over the years, we've learned that it is a mistake to push owners to make a decision to leave a business before they are ready. That said, however, it is your responsibility, as leader and owner of your business, to prepare that business for the inevitable. After all, someday you will leave the business—even if they carry you out on your shield.

Experience also tells us that owners' feelings about their businesses continually evolve. Eventually, businesses may not be as central to their owners' lives. Owners want increasing flexibility and freedom apart from business. A terrible fate is to let a failure to plan prevent you from doing what you want, when you want. Engaging in Exit Planning does not mean that you must chisel, in stone, a departure date from your business. If you wish, you can continue to be as active as you wish for as long as you wish.

Exit Planning does mean that you work, now, to make your company increasingly valuable--whether you plan to stay or leave. No matter your current departure intention, you must prepare your business for the day (whenever that is) that your attitude or life circumstances change. One of the goals of Exit Planning is to position your business to carry on without you.

Consider just one facet of Exit Planning, strategic business planning. Ultimately, much of the value of your business is based on the ability of others to replace you. If you are no longer vital to the business, the business has value to others. If you are irreplaceable, then your business has little value to a third party and cannot be continued by insiders. Again, for a business to have value in anyone's estimation, it must be able to thrive without you.

To reduce your value (and to increase the value of your company), your company should have:

- Management apart from you (if business size warrants) and preferably management that can, at least partially, "fill your boots."
- Value Drivers in place. These include developing operating systems that improve the sustainability of cash flow, diversifying your customer base, creating and continually refining your strategic business plan. A Business Continuity Plan should also be created to be certain the business continues if you do not.

Taking these steps prepares your business for your departure—on your timetable. These steps can also make your business more valuable and sustainable whether you are there every minute, or not. Beginning your Exit Plan today can help to give you flexibility and peace of mind—no matter when, or even if, you plan to leave.

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