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Business Exit Planning: Taking the First Step

Posted on Monday, January 19th, 2015 by [Mike Ella, CPA](#)

The first challenge in business exit planning for an owner is deciding is it time to exit or transition their business. It takes time to reach this difficult decision, but where delays are often seen is after the decision has already been made. There are many factors that cause a business owner to not begin the process even though they are confident they want to exit or transition. The following are some common hurdles.

1. Business owners are not sure how to start the process.

Understanding where to begin, for business owners, is challenging due to the complexities of a business exit plan. To help alleviate confusion, involving a Certified Exit Planning Advisor (CEPA) is essential from early on in the process. Since exit plans require an advisory team of individuals with expertise in valuation, financial and estate planning, accounting, legal and wealth management, a CEPA is necessary as they will oversee the advisory team and act as liaison between the advisory team and the business owner. With the appropriate team in place a business owner can now begin their exit plan.

2. Business owners are too busy with daily business operations.

It is a common misconception that the business exit planning process will add additional work to the business owners' already busy schedule. This misunderstanding often delays business owners from starting the exit planning process. In reality, the goals of the CEPA and advisory team are to help decrease the business owners' workload by encouraging them to delegate their responsibilities to management and employees so that they have more time to work *on* their business instead of *in* their business. This helps grow the company and build value which prepares it for sale or succession.



3. Business owners have a personal fear of letting go.

Despite the fact that business owners know it is time to sell their business, it is often hard for them to let go and begin the process. They are often concerned about the future of their employees and what will happen once new ownership is in place. At the same time it is also hard for owners to tell their employees that they are selling the company. Most business owners have owned their company for quite some time and might have even been the ones to start it. Moving forward from this position is very challenging but they must keep in mind the reasons that brought them to the decision to transition. Whether it be to pursue retirement or to follow another interest, they must be careful not to be clouded by the emotional struggles that come with letting go.

Just because a business owner knows they are ready to sell doesn't mean they begin the process instantly. The issues mentioned above can be enough to cause the owner to sit on their decision and stall the process. Having a thorough understanding of the first key steps in the exit planning process can help relieve procrastination. There will always be the fear of letting go for any owner who has worked hard over countless years building and growing a company. However, keeping focus on the reasons they want to transition and the benefits it can bring to them professionally and personally will help relieve the worries and hesitations.

To learn more about Exit Planning attend a free breakfast seminar, *Maximizing the Value of Your Business*, on Thursday, January, 22nd. Click [here](#) to register.

Test the relative attractiveness of your business by taking our no cost "[Exit Planning Readiness Assessment](#)". If you'd like to discuss your business exit planning strategy in more detail, please contact Mike Ella at 440-449-6800 or mella@skodaminotti.com.

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