

The Importance of Setting an Exit Date

According to surveys, up to 79% of business owners plan to exit their businesses within the next 10 years, with more than half saying they want to exit within the next five years. However, many business owners fall into the trap of the “rolling five-year Exit Plan,” in which owners constantly reset their exit dates for five years later. This often prevents them from taking tangible steps to accomplish their exit goals.

To highlight the consequences of setting an exit date, let’s look at a case study involving a business owner, Charles Franklin, and his Exit Planning Advisor, Mathilda Traubert.

Charles met with Mathilda to discuss the first steps he needed to take to exit his business on his terms. After learning that Charles wanted fewer responsibilities and more free time as he exited his business, Mathilda asked, “Have you decided precisely when you want to exit your business?”

“I don’t have an exact date, but within the next five years,” Charles said. “Setting a date isn’t that important to me.”

“Why don’t you think it’s important?” Mathilda asked.

“Well, I love my business, and I want to make sure it’s successful. I’m worried that if I set a date and the business isn’t ready by then, then I’ve wasted a lot of time. Besides, if I’m not running my business, what will happen to it? Without my business, what will happen to me?”

Mathilda knew that once Charles set a deadline, she could help him create an Exit Planning timeline to start tackling the tasks he needed to complete to achieve his exit goals. But she also knew that the only way to get Charles to act was to focus on what he wanted, not what she knew.

“What if I told you that by setting an exit date, we can take steps to get your business ready for your exit?” Mathilda asked. “It gives us time to do the things we need to do to help your business thrive as you get



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ready to leave. As we move closer to your target date, you'd be transitioning into fewer responsibilities and more free time."

"But what if it's not ready by then?" Charles asked.

"We'll use that date as our goal and start implementing strategies that will give us the best chance to get your business ready by that date," Mathilda responded. "The goal is to prepare the business so that it can continue with minimal disruption to its cash flow without you at the helm. In other words, we will set a date by which your business will be successful whether you're running it or retired from it."

"So then I can choose whether to stay or go, and the business should run fine with or without me?" Charles asked.

"That's right," Mathilda said.

In short, setting a departure date allows you and your advisors to undertake the planning and action items needed to prepare the business for your exit. Properly done, this gives you the flexibility to leave when you want, on your terms.

If you're ready to talk about how setting an exit date might affect your Exit Planning process, or you'd like to discuss how your exit goals align with when you want to exit, please contact us today.

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