



This issue brought to you by:

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3 Benefits of Written Exit Plans

Planning a business exit can seem like a lot of work at first. From building business value to developing capable successors to figuring out exactly what you want to do with your life after you leave, Exit Planning might look like too much work for one person to do. In our experience, Exit Planning isn't something that business owners can tackle alone if they want to exit on their terms. But with so much to do, where can you start?

One way to begin the Exit Planning Process is by writing your Exit Plan down. Writing your Exit Plan down can provide three potential benefits when done properly.

Increasing Clarity, Accountability, and Chances for Success

Written communication is often clearer and more specific than verbal communication. Typically, the act of writing causes business owners to think carefully, which decreases chances for misinterpretation. Minimizing misinterpretations—about goals, resources, and desires, specifically—often leads to clarity and consistency, which can cut down the amount of time it takes to implement the Plan by months or even years.

Additionally, written Exit Plans encourage accountability. In a written Exit Plan, all participating advisors have responsibilities and deadlines. This makes the Exit Plan an

executable document. It also helps you avoid procrastination. Having a document that tracks deadlines and responsibilities can keep you accountable and help you avoid falling prey to the “rolling five-year plan,” wherein you’re always looking to exit five years from now.

Finally, simply writing your goals down increases the likelihood that you’ll achieve them. According to a 267-participant study on goal setting, written goals are much likelier to be executed. Dr. Gail Matthews, a psychology professor at Dominican University in California, found that individuals are 42% more likely to achieve their goals just by writing them down.

Maintaining Control

A common Exit Planning paradox is that most business owners don’t want to give up control of their companies before they’re ready, but they also don’t want to spend too much time on Exit Planning. Having a written Exit Plan gives owners a chance to maintain control of the Process while also controlling when and how they transition out of ownership.

Owners who write their Plans down—with the help of an Exit Planning Advisor and Advisor Team—can hand their Plans over to their Exit Planning Advisors, who will then take the lead on the Process and execute the Plan. This means that once you’ve confirmed your goals and written them down, your Exit Planning Advisor works to address your goals based on what you’ve requested. With a written Plan, you can keep control of your business until you’re ready to give it up, and you don’t have to make Exit Planning your primary focus. This can increase your planning efficiency and give you the time to continue to build your company’s value.

Minimizing Cost and Time

In general, creating an Exit Plan can take several months, while executing the Plan can take several years. Creating and executing an Exit Plan usually requires input from owners and several advisors, and can also involve an owner’s family or management team. With so many moving parts, it’s easy for owners to take more time and pay more money to exit than necessary. A written Exit Plan helps mitigate costs in terms of time and money.

Written Exit Plans can make the Exit Planning Process more time and cost effective because they allow you to see where everyone is within the Process. Rather than wasting hours of time calling each advisor to ask what they’re doing—time that you could be spending working to generate revenue for your company—a written Exit Plan allows you to track everyone’s progress throughout the Process. Your Exit Planning Advisor is responsible for keeping the written document current and making sure that it reflects your resources, goals, and assets relevant to your business exit. When your advisors are all on

the same page, knowing what they must do and by when, it usually minimizes the time and money you'll need to spend on the Process itself.

Written Exit Plans can benefit you as you begin to plan your business exit, and it's important to remember that "written down" does not mean "chiseled in stone." Written Exit Plans can, and often do, change. As your business and goals evolve, a written Exit Plan gives your planning strategies a chance to evolve in lockstep.

If you'd like to determine whether a written Exit Plan can focus your efforts at exiting your business; or if you'd like to begin the process of creating a written document to help guide your business, your family, and yourself through your business exit, please contact us today.

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