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If You Love What You Do, Why Should You Make Plans to Leave?

Many business owners love the companies they've founded, whether it's because of the work they do, the changes they effect, the money their companies provide, or something else. When you carve out a comfort zone within your business, you might question why you would want to plan for your business exit. Today, we'll look at a few reasons why owners who love their companies should still make plans to leave.

Post-business life usually doesn't get cheaper

For many business owners who intend to leave their businesses before they die, financial security is an absolute must. While you run the business, you pull a salary. You might use perks like company vehicles, insurance, and travel. Perhaps you take advantage of your personal clout as a successful business owner. Once you exit the business—by choice, death, or otherwise—those things tend to go away.

A strange but relatively common mind-set for business owners is the idea that

they can cut back on their spending once they've exited. This is almost never the case. If you exit by choice, you'll likely spend at least 75–90% of what you spent when you owned the business. You may want to travel, or lavish your family with gifts, or set your grandchildren up for college: all without the safety net of a steady income provided by the business.

In short, post-business life is usually as costly as life before the exit. Even if you don't intend to exit for 5–10 years (which is what many owners say they intend to do), you'll likely need to know whether you can maintain your current lifestyle once you do leave.

You can begin to determine your financial situation in a few ways. You can establish your goals and estimate what it will cost to achieve those goals. You can determine the gap between the money you have and the money you need to achieve those goals. You can also compare that gap to the company's current value, then begin installing Value Drivers that allow you to sell or transfer the business for the amount you want and need.

All of this requires time. So, even if you love your company and don't see yourself leaving for several years, or even decades, it's likely in your interest to start planning for that eventuality. Because post-business life usually doesn't get cheaper.

Planning lets you focus primarily on what you love

Many business owners often find themselves doing things they never imagined doing within their businesses. Some of those unexpected activities are things they'd rather not be doing. For example, an introverted owner might find that she needs to be the face of the company. A key focus of planning is finding the best people for the right job so that you don't have to be everything to everyone.

A common way to do this is to find or train next-level managers. Next-level managers take on many of the responsibilities you likely find yourself stuck with. Oftentimes, those next-level managers can handle those responsibilities better than you can, if for no other reason than you simply aren't too

passionate about those responsibilities.

The flip side of this coin is that with proper planning, you can position yourself to do only the things you truly want to do: the things you likely started the business to do in the first place. This can make ownership even more fulfilling and can let you focus on the things you enjoy as you begin to wind down your ownership.

Life goes on

About 10% of owners say that they want to die at their desks. Surely, planning is unnecessary for them, right?

That's usually not true. Even owners who plan to die at their desks often have people or causes they care about that the business directly affects. You may have family members who rely on the business to maintain their lifestyles. Without proper planning, what happens to them? You may want to assure that after you die, your employees still have jobs (or a safety net that gives them time to find new ones). What happens to them without proper planning?

Even if you plan to die at your desk, planning for future success can still be valuable to you. You can install business continuity plans that can give people you care about direction regarding what happens to the business once you die. You can install next-level managers whose goals and managing styles line up with your values-based goals. You can even help your family continue to maintain their lifestyles without the business.

If you'd like to discuss specific strategies you can use to address these issues, please contact us today.

Please contact Dan O'Brien for a free one hour consultation on your exit planning needs

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