



The Exit Strategies Newsletter

AS YOU EXIT, WHO WILL DO YOUR JOB?

As the owner of a privately-held business, you may find that you are a catalyst for the ongoing running and growth of the business. The roles that most owners fill in their companies are often undefined and span a number of different areas. Even with an established management team, the reality often is that owners are still the 'straw that stirs the drink' on a daily basis. Without the stirring where would the business be? And, as you consider your exit from your business, you need to answer the question, 'who will now serve as that straw?'

What is Your Job at Your Business?

In your business are you the sales person or are you the head of operations? Do you innovate within your product line or do you watch over the financial position on a regular basis? Are you the leader amongst the staff or are you the owner who stays in their office for the overall benefit of others at the company? Or do you do a combination of all of these jobs?

Are You a Bottleneck for Your Business and Your Exit?

An important question to ask about your job at your company is whether you actually slow down your business. Are you a bottleneck to your company?

You are likely a bottleneck to your company and your exit if the following apply to you:

- You are critically involved with decisions on a daily basis, to the point where projects or steps in a procedure cannot advance without you.
- You are the only person who holds key vendor and customer relationships and the only person who takes those phone calls and /or meetings
- Product design and innovation only comes from you.
- You are the only person who knows the company's financial position and has bank relationships to fund the business.

- Employees are generally disempowered to make decisions without your input and/or final approval.

Unlocking the Bottleneck, Start with A Job Description to Advance Your Exit

Here is an exercise that you can perform to begin thinking more about what exactly the job at your company is. Start with listing the top three (3) things that you do that no one else at your company currently does or has any knowledge of. Put that list aside and then continue to list all of the other things that you do. Ask yourself whether these non-essential items are really necessary to be done by you. Also note that if your list of three (3) items is not aligned with the strategic direction and future of the business, you are likely able to delegate them to others.

The Challenges to Overcome

Owners typically do not make these changes in their businesses for a variety of reasons. Some don't want to make the changes. Some want to make the changes but don't want to do the work. Others do not want to spend the money on new hires, and some owners simply do not trust other people with these critical functions. Give serious consideration as to what is holding you back from making

these changes and consider this against the context of the next point, which states that your pool of future owners is very limited if you are a bottleneck to your business.

The Exit Challenge to a Bottleneck

A very substantial point can be made very simply. The only person who will be willing to own your business after you is someone who not only wants that exact job that you currently have but also is as qualified as you to do that job. This not only limits the pool of potential future owners, but also substantially raises the risk factors of the business successfully running without you. And, when risks are higher, the exit value of your business will almost certainly be lower (and/or coupled with contingent and deferred payments that are only made when the risks are overcome).

Exit and Other Benefits

When the distributions of these responsibilities can be passed to others in your company, you are in a stronger position to consider your exit. What is also interesting about going through this exercise is that your business will actually run better.

We hope that this perspective will assist you in achieving a more successful exit as you further define

your job and discover who can
replace you at your company after
you exit..

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