



The Exit Strategies Newsletter

Developing Your Exit Vision

Eric Hoffer once wrote: “The leader has to be practical and a realist, yet must talk the language of the visionary and the idealist.” This newsletter examines an important fine-point with this statement – that the exiting leader must not only ‘talk the language of the visionary’, they must also think in terms of an ‘exit vision’. So much is written on the management and leadership of businesses while so little is written on exit visions. Doesn’t it make sense that a vision for a business includes what will happen when the CEO is no longer in charge? Well for your privately-held business, developing an exit vision and becoming an exiting visionary is critical to achieving your business and personal goals.

Lifestyle vs. Investment

The first limiting factor for the owners of many private businesses is their limited view of the business as providing only a job and a lifestyle for them. Owners who view their business as paying for their lifestyle will struggle with their exit vision because they can only see as far as the 'bare necessities'. In other words, the objective of the business is not to fulfill a particular business vision. Rather, it is to provide a certain type of lifestyle to the owner while also taking care of the employees, customers, etc . . . In this limited vision, the owner is only

executing on a strategy to provide beyond the minimum. And, as a result of this limited vision, the owner does not ask ‘how big (and profitable) can this business be?’ Moreover, owners fail to ask ‘how big can this business be without me?’. A vision is a funny but powerful thing. If your current exit vision begins and ends with the bare necessities and merely improving over ‘what used to be’ than it is likely far less that what is possible for you and your business and will likely negatively impact your exit success.

Development of an Exit Vision – How Motivation Factors In

A true exit vision begins with where you are today and what is possible for your company to achieve, i.e. its true potential. What products and services do you provide to the marketplace and where do you stop short of expanding your offerings. Is it capital, talent, management or other issues that prevent your growth? If you are like many owners of privately-held businesses it may more likely be the case that none of these limitations prevent your growth. Rather, your growth is prevented only by the face in the mirror each day – you. Behind that face, however, is the driving force of motivation (or lack thereof).

If you have a certain exit vision but are not motivated to grow your company then perhaps the potential for your business will be fulfilled by its next owner? However, if

today you can clearly articulate that vision and begin to assemble the component pieces to advance towards the goals that you define, the more likely it is that the next owner of your business will both pay you more at your exit as well as have a clear picture of the opportunity. The only question left at this point is whether it is worth it for you to develop this vision and begin the execution process to start seeing it through.

Your Vision is Likely Aligned with Someone Else's

Ideally, the next owner of your business should not be someone who simply wants to own the job that you currently have. First of all, that person likely does not have the financial resources that another type of buyer will have. Next, if that person did have the financial resources and the skill to run your business, they would likely be already doing it themselves. So, the logical next owner of your business, someone who will complete your vision, may just be that person who is currently doing for themselves - i.e. your competitor in the marketplace. And their vision for your company's potential may be larger than yours. In effect, this will help you achieve your exit but with someone else's vision. If you have your own vision first, you can work to align it with your future owner's vision to have a more successful exit.

Completing the Exit Visionary Cycle

No matter whether your vision for your company's future ownership includes your internal management team or is lead by the idea of selling to an outside buyer, you will want to develop and refine this exit vision as you build upon your planning. Without a vision, there is no direction. Without

direction, there is no action and results. In order to complete the exit visionary cycle, you need to begin to see your business as an investment that someone else can run, which is moving in a direction towards fulfilling the potential for your company. Without these thoughts you are left with a job. And, with only a job, you have nothing to transfer except for a job that someone else may or may not want.

Concluding Thoughts

You are the visionary leader for the day-to-day running of your business. When you develop an exit vision, you begin to align the resources of your company with a transition to a new owner that recognizes the potential for your business as well as a future for you outside of your company. We hope that this newsletter encourages you to view your business this way and to see that having a solid exit vision and becoming an exit visionary is a critical part of your overall business and personal planning.

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