



## The Exit Strategies Newsletter

### *Your Exit Plan is a Living Document*

We've all done it. We paid a consultant to assess our current situation and then did not follow through on the recommendations. The final product of the assessment and the written report, sits on a shelf. And, although the answers to many of our issues are provided within those pages and analysis, it just seems like we are too busy to focus on taking action on them. This, by the way, applies to many areas of our lives, including past attempts at:

- Personal investment planning
- Estate planning
- Business planning
- Retirement planning
- Insurance & risk management planning
- Succession planning

The reality is that accumulating wealth comes with certain responsibilities that take time to manage and execute properly. We could easily point the finger at the advisors who were complicit in not assisting us in the completion of these plans, but

ultimately we are all responsible for our own planning. And, as time passes and situations change, the planning actually also needs to be updated to reflect the new circumstances.

#### **The Exit Plan**

Adding to the list above should be your written plans for an exit from your business. The exit plan should never be a static document. In fact, as the world, economy, your industry and your business changes, your plans for your exit should be re-evaluated. Is your company sustainable, valuable and transferable today? These are questions you need to know. Beyond that, who could own it, run it, and successfully leverage what you have already created after you no longer own it? If you don't know the answer to these questions, you should really consider finding them because these too will change.

For example, your immediate family may expand to include grandchildren. Have they been included in your

planning for your future and how will your wealth pass to them? This is sometimes a strong motivator as owners envision the potential that their future generations can have from the hard-work and success that they have achieved. Without a plan that includes constant updating, it is possible that your wealth will be diminished.

### **Check Ups**

Do you go to the doctor once every five (5) years to check your health, assuming that the old reports apply to your current health?

Do you figure that the trips to the dentist are good for years and years?

Or here is an easier one . . . do you have the oil in your car changed every 3,000 or 5,000 miles?

Of course you change your oil because you want to avoid the expense, pain and overall embarrassment of having your engine cease because you did not take 20 minutes out of your day and spend the thirty dollars necessary for some routine maintenance.

Look at your exit planning in contrast to your car. Let's assume that your car is worth \$30,000 and your business is worth \$3 million. If you drive 12,000 miles this year you

might spend an hour and a half getting the oil changed and approximately \$100. Given that your business is worth 100 times what your car is worth, doesn't it make sense to invest time and money into planning for this valuable asset? Measuring an equal amount of time to protect your business as you do to maintain your car, you would spend about 2 ½ weeks a year working on your business, exit, and other planning and probably \$10,000. That's a pretty good return on investment if you save hundreds of thousands in taxes at exit, and/or increase the value of your business by a high multiple of that number.

This newsletter is the blinking light on your dashboard telling you to update your plans.

So remember that a commitment to consistent, strategic-level thinking is critical to your success as an owner.

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