

# Exit Planning Tips and Traps

## Tips

- Intentionality counts. Develop a 12-month bullseye goal and a 12-week “do one thing” plan.
- Have a 48-hour rapid response plan in place to guarantee you can bring any required resource to the table if the owner raises their hand and wants to move forward with transition planning and/or value acceleration.
- Three Legs of the Stool is a compelling concept for owners and sets you up for several crucial conversations. Use it to stimulate and motivate.
- 75-95% of the owner’s net worth is typically in the business, but 80% of businesses that go to market fail to sell. Good transition planning and value acceleration increase the odds of success in a hostile environment. Talk to the owner about their estimate of the costs of doing nothing.
- Owners love to talk about their business. Make space for them to do it, especially in the first meeting. In many cases, being a business owner is their primary identity so talking about the business is deeply personal.
- When talking about “life after business,” encourage the owner to think about who they will be, not just what they will do. This highlights the identity shift they will face after transitioning ownership.
- If you’re going to leave something behind with the owner after you meet, make it a case study.

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## Traps or Myths

- **If you don't explain your capabilities and services in the first owner meeting, you've missed an opportunity.**

If your first meeting with a business owner includes discussion of your services, you're off track. Make the owner the only priority. If your meeting agenda includes time for presentation of your services, it signals "sales pitch" to the owner. Emphasize connection before presenting content.

- **Financial advisors should lead with liquidity because it motivates owners.**

Liquidity event language is dangerous early in the process, especially when talking with family business owners. It's entirely possible a family will transfer a business without money changing hands. In all owner situations, liquidity event terminology can be read as "sell your business." Less than 50% of owners choose that transition option – and an overwhelming majority of those fail to complete the transaction. Legacy may be far more important than liquidity to some owners (and legacy takes many forms).

- **Your solution is the right one because it's better.**

A solution offered before fully understanding the problem is a guess. Don't guess. The problem you want to solve may not matter as much to the owner as it does to you. It isn't a problem worth solving until the owner says it is. Therefore, your solution has no inherent value. Leave your brochure in the office and make the first meeting all about the owner.