

# Exit Planning: *Preparing to Move On*

Exit planning is about the readiness of the business owner to move on and the readiness of the business itself. There are many steps associated with exiting a business and Guru Business Advisors have the tools and resources to assist you through the process, allowing you to continue to focus on running the business. Guru Business Advisors also offer a full business broking service to assist with the exit.

## **Step 1: Readiness**

The first step is to assess how ready you, and your business, are for an exit. The level of readiness will impact the market price of the business. This step raises awareness of the actions that need to be taken to prepare the business for exit and the implications of not carrying out certain actions.

During the Readiness stage, we look at such things as personal expectations, shareholder goals, credibility and justification, systems, brand, compliance and revenue drivers.

## **Step 2: Attractiveness**

This step looks at how attractive the business is to the market. We explore business factors, financial factors and investor considerations in coming up with an appropriate Attractiveness measure.

## **Step 3: Risk Assessment**

During the Risk Assessment stage, we review such things as business continuity, competition, industry and growth factors to assess the current state of the business and to establish an overall risk-rating estimate.

## **Step 4: Reasonable Market Estimate**

Next, we use a number of models to calculate a reasonable market estimate to give the business owner a realistic expectation of the market price range that the business would attract.

This analysis takes into account all the information acquired from the business in the previous steps in relation to readiness, attractiveness and risk. This step is about working out a range of price that the owner would be satisfied accepting.

## **Step 5: Information Memorandum**

This detailed step involves collating all the key data required to market the business and presenting key business information to prospects and interested purchasers.

## **Step 6: Planning Document**

A clear outline and timeframe for the exit strategy is prepared forming the basis for the exit plan. The plan can then be updated and monitored, by all parties, throughout the process.

## **Step 7: Action Plan**

The Action Plan is a summary of key actions and implementation timeframes for ensuring the exit plan stays on track. This plan is addressed at regular meetings with the business owner.

## **Step 8: Promotion**

The Promotion phase is about outlining and agreeing the methods for sourcing prospects and for marketing the business to attractive purchasers.

## **Step 9: Due Diligence**

This involves preparing a detailed checklist of key areas that need to be checked off and agreed by prospects to ensure that no complications arise during negotiation and to ensure transparency in providing all information.

## **Step 10: Contracts and Completion**

In the final stages of the process legal contracts are issued and the final sale and settlement takes place.