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JOURNEY CONSULTING

"WHY DON'T MORE BUSINESS OWNERS PLAN FOR THEIR EXIT?"

I frequently get asked this question by advisors in the banking, accounting, legal, and M&A world. In their positions, they see firsthand the devastating impact lack of planning has on the business owner, their employees, and loved ones when the company they worked so hard to build either fails to sell or does not command the value they expected.

When an estimated **80% of businesses that go to market do not sell**, WHY is it so hard to convince owners to plan and prepare?

Throughout my 16 years of working with business owners, I've encountered a multitude of reasons why they postpone planning for their eventual exit, such as:

- I'm not ready to exit, I'll reach out when I'm ready to sell.
- I don't have time. I'm too busy working in the business.
- What if my customers, employees, or competitors find out?
- I'm relatively young and healthy – there's no need to even think about my exit right now.
- I've been doing this for "X" number of years, and I don't know what else I would do.

It's also common for business owners to feel overwhelmed and confused by the idea of planning for exit. It can be a complex process, involving legal, financial, and operational considerations. Owners usually do not have the expertise or knowledge necessary to navigate this process - and that's an uncomfortable feeling when you're used to having most of the answers when it comes to running your business.

I am passionate about helping business owners overcome these barriers to building value and planning for exit because I've seen the difference it can make in lives.

Recently I spoke with an individual who was working for a family-owned business for over 20 years. A few years back, the owner of the business died suddenly. The wife, who was not involved in the business, had to figure out what to do with a business that she knew nothing about. All while dealing with the loss of her husband.

Fast forward a couple of years and the wife ended up selling the business to this individual for a significantly reduced price. Why? The business owner had not prioritized building value within the business, leaving it unprepared for unexpected events such as the owner's untimely passing, and thus making it difficult to sell. Is this an uncommon scenario? Unfortunately, not at all.

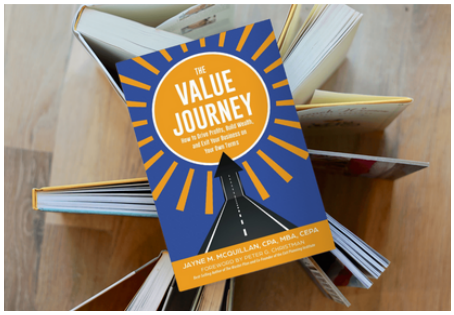
In contrast, about ten years ago, I was working with a business owner who was generating approximately $8 million in revenue. He handled most of the sales and operational decisions. Everyone came to him for the answers. He wanted to grow but was tapped out on how much more he could do.

We discussed how he grew his business to that point and what it would take to grow the business to the next level. We put in place a strategic plan and systems to execute the plan. Over the next 6 years, the business more than doubled, a management team was put in place, systems and processes improved, along with improved technology, higher quality customers were brought on by a new salesperson, and profitability increased.

Now this didn't happen overnight, and it didn't happen in one evolution of growth. In fact, after the initial strategy was put in place to grow the business from $8M to $12M, the owner came to me and said, "we just changed how we do things to get to this level – now we need to change again!" What he was saying and realizing is that you're never done focusing on improving your business to consistently build value. This business grew to over $18M in sales and sold a few years back for over $10M to the management team and a private equity firm.

Exiting a business usually happens once in a lifetime. Creating a roadmap for growth, by understanding where the company stands today and the goals you want to achieve for the future, sets you and your business up for success. It's essential to start planning early because it takes time, but it doesn't have to be overwhelming.

Remember, your "Value Journey" isn't just about reaping the life and rewards once you exit the business, it's about building a business that generates financial gains and personal flexibility today. The key is that it provides you with freedom to decide to exit on your terms.



Do you have a question for Jayne as you consider your future transition?

Contact Journey Consulting to set up a complimentary consultation!

info@journeyconsult.com or (920) 770-4141

We Change Lives by Transforming Businesses

Journey Consulting uses a holistic approach that engages the business, financial and personal to achieve strategic outcomes for family owned and privately held businesses.

JOURNEY CONSULTING

OUR SERVICES:

- Exit & Transition Planning
- Strategic Planning
- Executive Coaching
- Business Assessments

OWNER EDUCATION LINKS:

- Monthly Blog
- "The Value Journey" Book
- Exit Planning Video Series