



February 2011

Top Ten Reasons to Plan Your Exit in 2011

(1)

Like it or not, you are one year older.

Long hard hours are what built your business and long hard hours have kept it running. *If you are like 85% of business owners, you haven't worked ON your business often enough.* How many more years of your life are you willing to invest in your business? Wouldn't you prefer to reap the rewards of that hard work instead?

(2)

This recession was either a shot across the bow or it may have hit the boat.

It is difficult to get a clear picture of how hard this recession has been on small businesses. To get a glimpse, we can look at the increased bankruptcy numbers and the peak unemployment rates. Even if you've kept all your employees and managed to keep your business afloat, we can pretty much guarantee your business isn't what it was four years ago.

(3)

The next upswing may be the last one you'll see before you are in your 70's.

In real estate, the saying is 'location, location, location'. With business exits, the saying is 'timing, timing, timing'. If we then look to the transfer spectrum chart, it indicates that the next exit 'window' is fast approaching from 2013 to 2018. *If you are in your late 50's or early 60's, the window after this one puts you in your 70's.* How long will it take you to assemble your plan, your team, align your business and get prepared for your exit; both personally and within the business?

(4)

More than ever, your kids probably don't want the business.

Less than one-third of family-owned businesses survive the transition from the first generation of ownership to the second - and only 13 percent of family businesses remain in the family over 60 years. Why such challenging longevity statistics? There are many reasons such as the added challenges that come with running a family-owned business, the many hurdles that can come with succession of that business or even having to sell the business to pay estate taxes. Take the time to analyze your exit options to determine which one works best for you as well as for your children. You may be surprised at what you decide.

(5)

Recessions make us realize how much is at risk.

Most often, the majority of a business owner's wealth is tied to their privately-held business; *most average 90% or more*. In addition, most of these owners depend upon that business for income, perks, and for the overall maintenance of their lifestyle. You are not alone if this recession has made you realize how much of your financial well-being is at stake in your business.

(6)

Building it back up is a long road, make sure you know how it ends.

It has been a difficult recession for most business owners. With the glimmer of an economic recovery, now is the time to decide the ultimate direction for your business to make the most of this upturn. Building your company back up is going to take a lot of work, so make sure you are working in the right direction. *If you align the growth of your business with your exit option, you'll have a much smoother and more successful transition.*

(7)

Banks are back, but maybe not forever.

The Small Business Jobs Act of 2010 allowed for the creation of a \$30 billion fund run by the Treasury Department that is being used to deliver capital to banks with less than \$10 billion in assets. The idea is that community banks do the lion's share of lending to small businesses, and pumping capital into them will get money in the hands of small business.* This financial support is something

business owners can take advantage of now, but no one knows how long it will last.

(8)

Capital gains tax rates are frozen for 2 more years.

The recently extended tax cuts have maintained the current maximum tax rate for qualified long-term capital gains, topping out at 15% through December 31, 2012. Without the extension, capital gains were slated to rise to a high of 20% - something that may now occur in 2012**.

(9)

Life plans have advanced.

Recessions force us to consider our personal priorities. Have you considered your personal goals? What are your conclusions? Is there a life beyond a business? Perhaps you are ready now, more than ever before, to begin enjoying the fruits of your labor in your business by transitioning your focus to your personal life.

(10)

Resolve to let business challenges be the other guy's problem.

Becoming mentally prepared to exit your business may be harder than you'd expect.

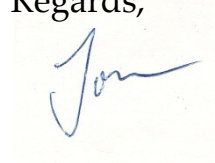
Exiting a business that has been built by years of hard work and dedication can be a difficult emotional hurdle. How involved are you in the day to day operations of your business? What will you do with your time when you are no longer running the business? Make a resolution to get prepared for the next stage of your life – this will allow you to think clearly throughout the exit process so that the decisions you make are based on objective criteria instead of the subjective way in which you feel about the exit.

Concluding Thoughts

We hope that these ten reasons got you thinking about planning your exit in 2011. And remember that a proactive approach to exit planning is the best approach. Working with a professional exit planner such as Owner's Edge along with your wealth manager, lawyer and CPA can help ensure the exit from your

business is structured and executed for you to leave your business on your terms. After all, you built it. You deserve the fruits after a lifetime of success in your business.

Regards,



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* CNNmoney.com, September 16, 2010, Catherine Clifford

** Wall Street Journal, December 17, 2010.

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