

# Exiting Your Business the Right Way



## 6 Steps Toward Exiting Your Business

If you're thinking about exiting your business, that means you've already done the hard part. Creating an enterprise profitable enough to be of interest to a prospective buyer takes years of focused work, and frequently, too many sleepless nights to count.

Now that you're contemplating beginning a new chapter in your career, your most pressing question might be whether or not your business can survive without you. That's rarely the case with small owner-managed companies, at least initially. Over time, senior managers may gradually assume certain key responsibilities, but usually, disentanglement from one's business is a gradual, intentional process.

If you haven't done the necessary pre-work and you suddenly arrive at an inflection point, don't worry — you're in the majority. Life happens when life happens, whether it's a partner deciding to retire, an unexpected death or injury, or another transformative event.

If you have the time and flexibility to begin preparing for the sale of your business, here's how to do it the right way.



# 01

## Create a business that can be exited.

Just because a business is built to be profitable doesn't mean it's built to be saleable. There's a library of business books and endless entrepreneurship classes explaining how to create a saleable business — covering everything from accounting to finance to customer concentration to contracts.

In the end, the most important way an owner can prepare for an exit is to separate their role from that of the manager, so that their business can seamlessly continue operating without them. Once you've accomplished that, and your business is mature and stable, then ownership can change with some ease.



# 02

## Brainstorm your buyer list.

Think as broadly as possible about with whom your business might combine — not in generic categories, but the names of actual buyers. Any business that is adjacent to you, be it a competitor, a customer or a supplier, could be a worthwhile candidate. A good rule of thumb is to look at businesses that succeed when you succeed.

A frequent stumbling block we see is when an owner pursues one promising opportunity to the exclusion of everything else. If the deal falls apart, they have to start from square one with their next best option — a long, excruciating process that can ultimately lead to exhaustion.

It takes work and intention to evaluate opportunities simultaneously versus sequentially, but it's crucial if you're trying to complete a deal in the near future.



# 03

## Imagine the post-deal future for your company.

As you evaluate potential buyers, remember that successful deal terms emerge from a clear vision of your company's future operations, not the other way around.

With each prospective buyer, consider their unique attributes and get as specific as possible about how they would augment your company's existing strengths, or where your company would fit into a larger whole.



# 04

## Consider *all* your exit options as you're planning.

Exiting your business doesn't necessarily have to involve a sale to a third party. It could just as easily be sold to a senior-level employee or left to a family member — nothing is off the table. Also, in case you aren't able to find a suitable buyer, you need a backup plan, whether that means continuing in your current role, gradually reducing your responsibilities or shutting down your business entirely.

What you can't do is be vague about the crucial details. If you want to sell your business to your employees or give it to your family, that's great — but to whom specifically? If you're going to toss that ball, you need somebody to catch it.



# 05

## Consider the impact on yourself, as well as the business.

A lot of entrepreneurs spend their time intensely focused on the immediate challenge of selling their business while having only the vaguest idea about what their life will be like after closing.

Don't wait until you're no longer in your current role to decide what you want to do next — whether it's starting a new company, joining another business in a senior role or simply enjoying a well-deserved retirement.



# 06

## Prepare for the unexpected.

Remember that opportunities can arrive without warning, so don't over-prepare, but be ready to jump into action when necessary. When your search has developed to the point that you have multiple simultaneous opportunities, try to base those proposals on the same or similar assumptions so that they're comparable with each other. If you're not able to do that, make sure you're clear about how the opportunities are different so that you can make an informed decision.





# How Oaklyn Consulting can assist with exiting your business

If a catalyst has prompted you needing to exit your business, whether you've been preparing for years or you haven't prepared at all, Oaklyn Consulting is here to meet you wherever you are.

Over our decades of experience, we've seen every possible situation and know the right way to help you move forward. Whether it's thinking broadly about business pairings you might not have considered, reaching out to prospective buyers, asking the necessary questions to adequately evaluate opportunities, doing due diligence or negotiating deal terms, we're here to provide expert, empathetic help through every step of the business sale process.

We'll manage all the moving pieces so you can find a suitable new home for your business, enjoy the fruits of your labor or transition to a new phase of life that aligns with your long-term goals. If you're reached a crossroads in your career, let us know how we can be of service.



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