



Exit Planning Information and Education for America's Business Owners

The Exit Planning Review™ is an opt-in, bi-monthly newsletter published by Business Enterprise Institute, Inc.

PROVIDED BY:



Weatherby & Associates, PC
Counselors at Law

Helping Families Preserve and Protect Assets and Values

Issue 140

Should I Sell My Business Now?
Examine Your Personal Motives First to Determine Your Readiness: Part One

This issue is provided to you by Weatherby & Associates, PC Attorney, Henry Weatherby.

The personal decision to sell your business is usually based upon some combination of the following:

For an overview of Exit Planning, please [visit our Web site](#).

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- I A desire to “take the chips off the table.” Your tolerance for risk just isn’t what it used to be.
- I The joy of going to work each day is fading. Not only has the fire in your belly gone out, but it’s been replaced by the desire to do “something else,” known or unknown.
- I The “Successor Designate” can’t or won’t succeed. Neither child nor employee is able or willing to fill your shoes.
- I You realize that now is the time to sell because you can attain financial security.
- I There are a lot of activities other than running a company that you still want to experience.

Today, let’s look at the first two personal motives that can influence your timeline of cashing out of your business today and moving on to the next stage of your life.

Taking Chips Off the Table

As we age, our tolerance for risk diminishes and our desire for safety and security increases. If you doubt this observation, compare the typical driver in any Florida retirement community to a driver in your local high school parking lot as the school day ends.

Owning and operating a business places the majority of your assets at risk. Every day these risks might include:

- I **Competitive** — from consolidators and others with more money than you;
- I **Financial** — the need to constantly keep more money in the business

- to sustain growth;
- I **Personal Health** — owners are not immune from health issues that can (and do) pop up without warning;
- I **Liability** — there are hundreds of thousands of practicing liability lawyers in this country;
- I **Business Conditions** — key employees leave or your industry changes; and
- I **The Economy** — when it cycles down will it take your business with it?

For most owners, there is a point at which these risks become overly burdensome, especially when the business itself has become valuable. You no longer want to expose your most valuable asset to constant risk. When all of your eggs are in one basket and the basket is now worth a lot of money, it makes sense to lower the risk of losing that basket. The only way to eliminate the risks inherent to owning a closely held business interest is to sell it — for cash. Doing so not only takes chips off the table by converting an illiquid asset to cash, but it also allows you to eliminate personal guarantees, reduce liability exposure and remove personal collateral (used for business purposes) that was at risk.

No Fire in the Belly

Few owners reading this newsletter are as energetic and enthusiastic about their businesses as they were when they started (or even during the middle years of the business). Owners tend to continue in business beyond an optimum departure date because they don't know what else to do with their time. They continue on and spend months or years in their businesses long after the passion has died.

First, once lost, owners typically don't regain their enthusiasm for, excitement about, or enjoyment of their businesses. The reason is pretty straightforward — entrepreneurs like to create. Once a business has a life of its own, it is left to wreak havoc or to succeed. Making money and all of the other by-products of a successful business are nice, but it is the act of creating, of successfully meeting the challenges, that brings satisfaction to the entrepreneur. The fire in the belly is the passion that gives birth to and nurtures your business. Once the business is on its own, once it no longer needs you, it may be time to move on to the next challenge, the next call for your passion and creativity. It is at this point that many owners begin searching for the exit door in order to find the next passion.

Second, one of the few solutions to the loss of fire is to sell the business and get *out*. Your business will move to the next level under new ownership for whom moving to the next level provides ample stimulation and challenge.

If one, or both, of these personal motives resonate with you, then the time may be now to call our office to discuss the path that needs to be taken to prepare your business for your eventual exit. We can help guide you through the process of reviewing all of the factors associated with exiting your business and creating a comprehensive Exit Plan that addresses all of your personal and business objectives.

*Subsequent issues of **The Exit Planning Review**[™] discuss all aspects of Exit Planning. The provider of this Newsletter ([Henry Weatherby](#)) offers you unbiased information about what you may need to know — *How To Run Your Business So You Can Leave It In Style*[™].*

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