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7 ways to leave your business



Philip de Lisle

Does your spouse or partner nag you about spending too much time at the office? Would you like an easier life? Do you know how you are going to exit your business?

I suspect that your answers were "yes", "yes" and "no". If you answered, "yes" to the last question then you are in a very small minority and you probably don't need to read the rest of this article. Most owner/managers are so busy plugging the holes of the proverbial dyke that they have no time to plan and run their business, let alone think about their personal future, because the business is running them. This makes it mighty difficult to exit other than in a box! I hope this doesn't strike a chord with you, but, in case it does, what follows is a guide to planning your exit.

For our purposes, options 1 and 2 can safely be ignored and 7 should be discounted (why would you want to allow someone else to control your future wealth?)

But we are getting ahead of ourselves at this point. Before you can exit you've got to have a PLAN – a route map which will get you the most value for your most precious asset. You need to be realistic about the time scale for this plan – too many people wake up one morning and say to themselves "OK I think I'll sell up in six month's time". Unless they are extremely lucky this is dreamsville territory – it normally takes anywhere from three to five years.

First off you need a DREAM (some books and gurus call this a "vision"). Without this there is little or no point in working, otherwise what is it all for? Once you have your dream, write it down or print it out so that it can be put somewhere you can see it frequently (the fridge door is not a bad place.) Doing this turns your dream

into a TARGET.

Next create your PLAN which should include the value that you want from the business. The small ads in the business section of the Sunday papers can be used as a guide, but bear in mind that you are not exiting tomorrow. The plan helps you to achieve this valuation. Part of your plan needs to be a forensic

There are at least seven routes:

- 1 In the aforementioned box (morbid but all too true)
- 2 Liquidation (voluntary or otherwise)
- 3 Trade sale
- 4 IPO (initial public offering or "flotation")
- 5 MBO/MBI (management buy out/in)
- 6 Succession (i.e. family firms)
- 7 Leave the Board but retain shares

examination of every aspect of your business paying particular attention to your margins, the return on advertising and marketing, and, if applicable, customer loyalty. You need to devise tests to measure these – they validate your valuation which will be closely analysed during the due diligence process when you exit.

Always work on the KISS principle: a simple plan will be followed by all, a complex one will be

ignored making your exit harder to achieve and much less lucrative. Once you've got a plan you should review it regularly and modify it to reflect changes in the market, your efficiency etc.

Time for a note of caution! You must manage your own expectations. Most company owners have an inflated and wildly unrealistic view of the value of their business. This is particularly true when the business is a service and there are only a few fee earners (i.e. the owner and his or her partner). Such businesses are difficult to exit unless you are prepared to be a "hired hand" for the new owners. If your business falls into this category, you need to spend time and energy building the company into something more substantial. You must also be prepared to spend money implementing your plan.

Now ask yourself how much professional help you need supporting this process. Make no mistake, you will need some, even if it is just your accountant preparing a new set of financials containing various write backs, or a lawyer "cleaning up" your trademarks and other intellectual property. You might consider hiring a management consultant. Better still, engage someone who will "groom" you and your company, working with you to make it look its very best at the point of exit – whether we like it or not, the exit process is a beauty parade.

Exiting your company may be the hardest thing you'll ever do – don't leave it to chance and don't delay setting the process in motion. 