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EXIT PLANNING TIPS FOR YOUR FAST-GROWING BUSINESS

Is your business growing at a rapid pace? That growth is a testament to your leadership, relationships, work ethic, and fearlessness.

At this juncture, it might be hard to imagine eventually exiting your business since it may feel like you are getting started, or just starting to find scale and efficiency. However, exit planning is essential during all lifecycles of a business, including during startup and growth phases. These exit planning tips will not only help chart your own personal financial path, but also enable your business to grow with greater scalability.

Look Outside Your Circle

When it comes to exit planning during the growth phase of your business, it's crucial to take your time and not take shortcuts. You'll be tempted to rely on your family, friends, or closely held contacts for business advice and assistance, including important matters specifically like business exit planning.

While your close network does mean well, their lack of experience and expertise in exit planning could result in you missing crucial details that can later pose challenges for your business and/or your exit. Exit planning professionals can work with you to set your business, and you, up for long-term success to maximize your chances of a successful exit when the time comes.

Take Less Now for More Later

Many business owners run into that awkward growth phase where you know you need to hire people but can't comfortably afford to do so. In this situation, consider taking less salary for yourself to bring on employees who can help support and drive business growth. Of course, you need enough to live on—but by sacrificing additional short-term gains and focusing on the big picture, you can increase the value of your company and potentially cash out for a larger sum in the future. This approach allows for the expansion of your business, the development of new products or services, and the establishment of a stronger market presence.

Pretend You're Exiting Sooner Rather Than Later

Another proactive approach is to envision an exit scenario coming to fruition within the next five years and then hire and train employees to be able to support that scenario. Strategically build a team based on your growth and exit goals as if those goals are in the near rather than the distant future. This includes investing in employee training and development to ensure your team has the necessary capabilities to drive the business forward without your involvement in the day-to-day operations.

Know Your Second-in-Command

It is crucial to surround yourself with the right people to grow your business, including a right-hand person who can effectively run the company in your absence. Building a strong leadership team is part of creating a lasting foundation for your business to thrive and succeed under new ownership. A capable second-in-command minimizes disruptions and provides continuity, instilling confidence in employees, stakeholders, and potential buyers. The extra layer of operational leadership shows potential buyers that your business has a robust management structure, enhancing its overall value and attractiveness.

Analyze & Adapt

It's also important to follow your market and understand your business' position now as well as its potential position in the future. Market dynamics can change rapidly. Staying informed and adapting is essential for your business to continue its growth trajectory.

Meanwhile, revisit your operating and buy-sell agreements annually. Life brings about changes, and as a result, your role and goals will evolve over time. By reassessing these agreements, you can make sure that they align with your current circumstances and future aspirations.

Most importantly, as you continue to build and grow your business, check in with yourself and your team constantly to make the journey more purposeful, collaborative, and rewarding for all. You still have exciting growth milestones to accomplish!