



Entrepreneurship & Small Business: Exit Strategies

Always know how you are going to get out of your business before you get in. Having a solid exit strategy from the start will make the business risk easier to bear. Remember, “You are not free to stay until you are free to leave.”

Exit Strategies

As you plan your exit strategy, it is important that you work with a qualified business service provider to ensure that you are able to exit without exposing yourself to additional liability after the business has ceased to be a going concern. Options for exit include, but are not limited to:

Extraction of Cash

As you enter the twilight years of your business, allowing for salary increases and higher bonuses, while continuing to maintain repayment schedules on liabilities, will successfully extract cash from the business until it is run dry. Any remaining assets can then be liquidated, and the business will cease to be a going concern.

Internal Sale

Selling your interests in the business to employees or partners will effectively sever your ties to the business while maintaining the business as a profitable going concern. This may also open up your opportunities post-retirement, as it is often the case that former business owners will remain on-board in an advisory capacity.

Liquidation

This method involves selling all assets on the open market, and utilizing the sale revenues to pay off any remaining liabilities that the business may be carrying.

Mergers & Acquisitions

Merging your business with another business may prove to be mutually beneficial when business synergies can be created between two companies. Meanwhile, acquisitions require long-term planning and positioning. Working with a qualified business service provider during this process can help to ensure that you are able to extract the most value for your business, while successfully relinquishing your ties to the organization.

Initial Public Offering (IPO)

Going public is not a viable option for all companies. However, for many business owners, it has proven to be a successful and profitable means of exiting a business venture. This option requires long-term planning and can be exceptionally costly to initiate.