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Business Exit Planning: How Will I Know When the Time is Right?

Posted on Thursday, November 20th, 2014 by [Mike Ella, CPA](#)

Exiting a business takes a lot of planning and preparation, but one of the first steps the owner needs to take is deciding when to exit. This can be a tough decision to make, but there are a few factors that business owners should consider to help make the decision easier:

- What is your current commitment and dedication to the success of your company?
- What are your exiting goals and objectives? What do you hope to achieve?
- What loose ends would need to be addressed within the company?

Commitment and Dedication

Growing a business takes a great deal of time, effort and energy. This needs to be something that the owner is passionate about doing. If you are finding a lack of drive in running your company, you might want to consider putting an exit plan in place. Buyers (and employees) can sense when owners are not motivated to run their business anymore, and that can adversely affect the selling price. Recognizing these changes in advance can help prevent this from happening. Similarly, succession takes a great amount of energy and dedication for the owner to properly groom the successor. The owner needs to be as motivated as possible for the succession to be a success.

Another factor that leads owners to sell is their available financial capital. If a company does not have the necessary capital to advance to the next level, it might be time to exit. If the capital is not available internally, the owner could find a private investor to help.

Goals and Objectives

As an owner, you should understand what you wish to accomplish from succession or exiting (selling) your business. By having a firm grasp on your goals and objectives, you'll gain a much better idea on the right timing. Goals and objectives for selling need to be written down and revisited consistently. This process will help determine if there are any uncertainties about the reasons for selling. Uncertainty is a strong indication that more time may be needed to understand your post-exit goals.

Securing Loose Ends

As an owner, it's typical to want to secure loose ends before exiting your business. Whether it is reaching a sales goal you set for yourself, or making sure your employees have secure plans following the exit, it is important to identify these action items. When the time comes to transition the business, it is important to feel you have accomplished everything you have set out to do. An exit plan can help identify and prioritize any loose ends.

Making the decision to exit is not an easy thing for a business owner to do. However, by taking these factors into consideration, you can have the confidence you need to exit your business on your own terms. This will lead to the creation of a successful exit plan and a smooth transition for both you and your business.

If you'd like to discuss your [business exit planning strategy](#) in more detail, please contact Mike Ella at 440-449-6800 or mella@skodaminotti.com. Test the relative attractiveness of your business by taking our free [Exit Planning Readiness Assessment](#).

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