



Search for:


[Home](#) | [CPA & Business Advisory](#) | [Valuation & Litigation Advisory](#) | [Financial Services](#) | [Wealth Management](#) | [Marketing](#) | [Staffing](#) | [Risk Advisory](#) |

CPA & Business Advisory Blog

Successful Exits Call for Advance Planning

Posted on Wednesday, October 15th, 2014 by [Mike Ella, CPA](#)

Many business owners underestimate the time it will take to sell their company. From start to finish, [exit planning](#) can take up to five years to finalize. There are three major phases involved with exit planning. Each phase has important steps that need to be taken which take time to complete.

Preparing to Exit

The first phase of exit planning is preparation. There are many tasks that need to be completed during this critical phase, including determining what the ultimate exit will be. Many options are available to the owner including sale, partial sale (majority/minority), Employee Stock Ownership Plan (ESOP) or transitioning the business to a family member. Another crucial detail in this phase is completing a business valuation. A [business valuation](#) is essential to understand what the business is worth. It needs to be linked to a financial plan to determine if the owner will have enough money to retire after the business is sold. Also during this phase, internal documents need to be prepared and ready to be transitioned to a successor or buyer. Additional tasks in this phase include documenting your processes, completing a financial audit (review) and putting in place the appropriate insurance policies.

Preparing your exit plan is similar to building a car. There are basic pieces you need for a car to work such as tires, an engine, doors and a steering wheel. The same is true for preparing an exit plan. Each piece of the process is important and serves its purpose in the overall plan, similar to each piece of a car needing to be in place for maximum performance. The preparation phase generally takes 12 to 24 months to develop.

Selling the Company

The second phase of exiting planning is selling the company. Normally this phase can last between nine and 12 months. After a complete analysis of the company is completed, including gathering all their financial data, a buyer's list is developed. Factors in creating a buyer's list include industry, location and the size of the company. Interested buyers typically request certain information including historical financial information, tax returns, site visits and a management presentation on the company. Once a single buyer is chosen, an in-depth due diligence process begins and between 45 and 90 days later a final closing agreement is signed.

Post-Close Transition

The third and final phase is the post-close transition. To maximize the company's value, the buyer will require the prior owner to remain with the company to help transition the business. During this time, the goal is for the buyer to have a complete understanding of day-to-day operational tasks, financial reporting requirements, relationships with customers and suppliers and many other important details. The time the previous owner stays for varies depending on the buyer's familiarity with the industry. The post-close transition phase typically lasts between three to 24 months.

Exit planning is a very time consuming and detailed oriented process. Each phase is extremely important in the overall completion of the transition of the company from seller to buyer. Being well-prepared throughout the three phases can help ensure a smooth and successful exit. If you have questions about exit planning, contact our Transaction Advisory Services team at 440-449-6800.

We invite you to stay up-to-date with the latest business trends, tips and revenue-generating ideas affecting you and your business by subscribing to the [Skoda Minotti Blog](#) or by following us on [LinkedIn](#), Twitter [@skodaminotti](#), and [Facebook](#) or simply contact us at any one of our four office locations: [Cleveland](#), [Akron](#), [Westlake](#) or [Tampa](#).

View our full
archive of
business
advisory
e-books.

[CLICK HERE TO DOWNLOAD](#)

Subscribe to our blog

- [CPA & Business Advisory](#)
- [Valuation & Litigation Advisory](#)
- [Financial Services](#)
- [Wealth Management](#)
- [Marketing](#)
- [Staffing](#)
- [Risk Advisory](#)

FREE REPORT

INDUSTRY BENCHMARKING REPORT

Wondering where your business stands compared to others in your industry? We can tell you

SKODA MINOTTI
CPAs, BUSINESS & FINANCIAL ADVISORS

This entry was posted in [CPA & Business Advisory](#), [Transaction Advisory Services](#) and tagged [business sale](#), [buyer](#), [exit planning](#), [seller](#), [valuation](#). Bookmark the [permalink](#). Follow any comments here with the [RSS feed for this post](#). Comments are closed, but you can leave a [trackback](#): [Trackback URL](#).
[« Global Payment Security Education Week »](#) [Ohio Bureau of Workers' Compensation Lawsuit Settlement Payment Info Now Available »](#)



©Copyright 2014 Skoda Minotti | [Privacy Policy](#) | [Disclaimer](#) | [Remote Support](#)
Cleveland 440-449-6800 | Akron 330-668-1100 | Tampa 813-288-8826
Website designed and developed by [Skoda Minotti Strategic Marketing](#)