



Your “Golden Goose”

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By Peter J. Gilbert, Esq.

What will eventually happen with your “golden goose” – that is, your business? Are you planning or assuming that you’ll eventually retire from your business? Will that involve someone writing you a check? Are you counting on that check for your retirement, or is that check a bonus, because you’ve already saved up for your retirement?

In my experience, there are three main “exit ramps” for business owners. In this series, we’ll take a bird’s-eye view of the first of these three ways.

The first strategy isn’t a sale strategy. Instead, it’s you saying: *“I love what I do, and I’ll just keep it going until I turn out the lights and shut the door.”*

There’s evidence that this option may be getting more popular among Baby Boomers. They enjoy their business, and they have vacation time; so they’re redefining “retirement.” They might have a business that doesn’t require a lot of physical labor or travel, so the workday isn’t difficult or exhausting; their health is good, and there’s nothing compelling about staying at home seven days a week.

If you’re attracted to this option, it’s a good idea to proceed with a quick “reality check,” to make sure there are no potential problems with your plan to just keep working. Here are some of the issues you’ll need to think through:

What does your spouse think of this idea? Are they assuming you’ll have time to travel, be more helpful around the house, visit the grandkids, etc.?

When (not if) you explain your plan to your spouse, are they 100% on board with your staying in the business indefinitely? If they aren’t, what’s the solution you both can live with?

If you got sick and had to stop working, would you and your spouse have enough regular income for monthly expenses and enough savings for emergencies?

If you were no longer around, would your spouse be financially taken care of, or does everything depend on you still having an income?

Are you assuming that one or more key employees will stick around indefinitely? Would any of them be difficult to replace?

Do your employees know that you plan to stay in the business? Do you know whether one or more of them is hoping or assuming they’ll buy you out (sooner rather than later) and take over the business? If they find out this isn’t happening, how will they react when they find out the business is not for sale? Will they stay with you?

When you do leave the business, is there a written agreement with one or more employees, or with a competitor, that leaves the business to them? Is this covered or mentioned in your Will, or does your Will simply leave everything to your spouse? In that case, is your spouse clear about what to do with the business if her or she inherits it?

If you are forced to retire, what happens to your employees? Are they all ready to retire? Could that crisis become an opportunity to sell the business, providing cash to you and perhaps employment security for your team?

Could your business become obsolete? If so, and if you plan on keeping it running, what’s the best way to avoid becoming obsolete? Would this be a slight change or a major change? Is there a way you could be ahead of the curve and turn this obstacle into an opportunity? Would you consider that a burden or would it excite you to reinvent your business?

Are there competitors nipping at your heels? If so, “business as usual as long as we can” isn’t a very attractive retirement option. Perhaps it’s time to put a bigger spotlight on your unique selling proposition, to show your competitive advantage before it’s too late. Ask your customers/clients why they chose you. They can help you explain why you’re superior to the competition. You also may have value in your customer base or your process that makes you an attractive acquisition by a competitor. Would it make sense to merge with your best competitor or make them an offer they can’t refuse?

In the future, will there still be a need for what you sell/do? This question can be very uncomfortable to answer, but, if your typical best customer won’t exist in 10 years or so, now’s the time to reinvent what you do and/or how you do it. Are you tied to a certain technology? Should you move your business, or a part of it, online? Can what you do be adapted to other needs people have? Are there other services or products that fit well with what you’re doing now?

The answer to these questions can lead you closer to understanding your exit strategy and ensuring that it can be implemented according to your plan, not that of necessity.

The next installment will be about the second type of exit strategy: selling your business. This strategy has its own set of opportunities and challenges. Regardless of which exit plan you’re considering, HighPoint Law Offices is ready to help you think through these decisions and design your unique plan for the future of your business.



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200 HIGHPOINT DRIVE SUITE 211 • CHALFONT, PA 18914
215-997-9773

INFO@HIGHPOINTLAWOFFICES.COM
WWW.HIGHPOINTLAWOFFICES.COM