

THE 7 END ZONE QUESTIONS™ WORKSHEET

WHAT EVERY BUSINESS OWNER MUST ANSWER IN THE INEVITABLE EXIT

The following seven questions eventually must be answered at some point in every business owner's exit. Other important questions will arise, but the sooner you tackle these, the more likely you will achieve a successful exit.

1) When do you want to exit?

Knowing when you want to exit defines how much time, or how little, you leave available to plan for a successful exit. Identify an ideal age range, such as “not before 55 and not after age 60” for your ideal target date. Avoid answering in a number of years from now, such as “in the next ten years.” Busy owners tend to let this answer keep rolling forward.

2) What is your most likely exit strategy?

There are only four exit strategies: Passing to Family, Selling to Insiders, Selling to Outsiders and Squeezing It Dry. (Death is not a strategy!) Use process of elimination to identify which strategy may best fit your situation. The ask yourself: Does my business growth strategy align with, or conflict with, my business exit strategy?

3) How much is your Exit Magic Number™ calculation?

Too many owners focus on getting “maximum value” for the business. A more important question is how much do you *need* from the business to achieve financial freedom? The answer is your Exit Magic Number™. The lower the number, the less dependent you are on the business and the greater flexibility to successfully exit.

4) Where will it come from?

Too many owners don't know where the tax-efficient funds may come from to exit. Use a “Now and Later” approach—identify strategies that convert both today's current cash and tomorrow's future equity into personal wealth. Delaying in the hope that you will get paid everything you need “later” may not provide the best result.

5) What risks do you face prior to exit?

Lost key employees, problems with co-owners, health issues—all these and other unplanned events can undermine the soundest exit plan. Owners often struggle with risk management because the mindset and tactics that protect your business are different from those that built your business. Don't leave your exit vulnerable to manageable risks.

6) What will you do in life after exit?

For most owners, a successful exit is more than a financial matter. It's also about a life after exit as fulfilling as leading your business. Know before you exit how you want to spend your time and talents after you exit.

7) Who is your exit planning team?

A sound exit plan involves tax, legal, financial, family, business and personal issues. You are best served when your tax, legal and exit advisors closely collaborate to devise and implement a sound plan. Identify an experienced team, select a quarterback to drive the process and meet with your team as a group to get started.

At NAVIX, we help owners of closely held businesses plan for and execute successful exits: achieving financial freedom, creating a sustainable legacy, and exiting on their own terms. To learn about the NAVIX® program, please visit www.navixconsultants.com.

