

# STRUCTURE & APPROACH FOR EXIT PLANNING

When considering an exit plan, it is important to not underestimate the work involved, even if at first glance, it appears to be a simple objective. It is essential that the plan is considered carefully and that importantly, it isn't rushed. Before even looking at the implementation stage, you will need to consider and explore the knock-on implications of the objective. Rushing the planning stage may result in significant adverse consequences.

We suggest that you follow these steps to maximise the chances of achieving your objectives:

## DEFINE THE PRIMARY OBJECTIVE (IN OVERALL TERMS)

*Example:*

*To retire from work*

*Your response:*

## WHAT DATE WOULD YOU LIKE TO MEET THE OBJECTIVE?

*Example:*

*By age 60/ in 5 years time/ 31/3/2025*

*Your response:*

## WHAT ARE THE KNOCK-ON CONSIDERATIONS AND REQUIREMENTS OF THIS OBJECTIVE?

*Points to consider:*

*Post retirement, pension and assets to be sufficient for preferred lifestyle (need to define income requirement from modelled cashflows)*

*Your response:*

## WHAT ARE THE SECONDARY OBJECTIVES?

*Points to consider:*

- Sell shares in the business (or significantly reduce current holding). This decision will normally result in a number of knock on implications and discussions as to whether other shareholders want to sell at the same time. This will drive the need for other matters to be considered (such as the roles and responsibilities currently undertaken by the shareholders and to ensure that these are adequately handed over), together with many other related factors
- Replace other benefits from business (company car, mobile phone, life cover, private healthcare, sports club subscriptions etc)
- Identify constructive alternative activities to occupy time

*Your response:*

**CAN THE OBJECTIVES BE ACHIEVED IN ONE STEP, OR WILL A STAGED APPROACH BE REQUIRED? SET OUT THE KEY ACTIONS AND THEIR RELATED DATES. IN SOME CIRCUMSTANCES IT MAY BE NECESSARY TO REVISIT THE OVERALL OBJECTIVES AND THE PLANNED DATE OF ACHIEVING THEM**

*Points to consider:*

Will other shareholders sell at the same time (is there a shareholder's agreement to force this)? When will the shares achieve sufficient value? Do new members of the management team need to be recruited (potentially years in advance of an exit) so that they are suitably prepared to take over. How long will it take to sell the shares? Who will buy the shares and is there a 'plan B' if there is no trade interest in buying them?

What impact will all of the above have on the intended timetable?

*Your response:*

## NEXT STEPS

Once you have set out the primary and secondary objectives, along with the timetable, you should look at the following steps:

1. Use a mindmap to consider the practical implications - focus on the actions required, revisit the knock-on effects having taken into account the initial timetable of events
2. Consider factors that may derail the process and consider how to avoid or control them
3. Revisit the actions and timetable
4. Get the plan checked by an expert - make sure this is someone who has **not** been involved in its preparation
5. Finalise the action plan, including KPIs to monitor performance
6. Continually monitor performance and revisit as appropriate

## WE ARE HERE TO HELP

If you would like any help and advice on creating an exit plan, please contact us and we will be happy to help you.

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