



By Wayne A. Simpson CPA, CBI
Utah Business Consultants

GETTING YOUR SHARE OF \$10 TRILLION

It is estimated that retiring “Baby Boomer” entrepreneurs will sell or bequeath \$10 Trillion worth of assets over the next two decades. Much of this wealth is tied up in privately owned businesses. It is estimated that more than 70% of these businesses will change hands during the next 10 to 15 years. If you are one of these business owners, how can you make sure that you receive the maximum value when it is time to exit your business? The answer is to have a properly developed Exit Plan. Richard Jackim and Peter Christman make the following points in their book [The \\$10 Trillion Opportunity](#):

“A well designed and implemented exit plan enables business owners to:

- Control how and when they exit
- Maximize company values in good times and bad
- Minimize, defer, or eliminate capital gains taxes
- Retain control by generating a number of strategic exit options
- Ensure they achieve all their business and personal goals
- Reduce their stress and that of their employees and families
- Ensure continuity of the business

The failure to create a well defined exit plan virtually guarantees that business owners will:

- Exit their companies as a result of pressure from outside circumstances, not as a result of their own desires

- Exit their companies on a timetable that's forced on them instead of one that meets their needs
- Undervalue their companies and leave hard earned wealth on the table
- Pay too much in taxes
- Lose control of the process by being reactive and limiting their exit options
- Fail to realize all their business and personal goals
- Suffer unnecessary psychological stress
- Watch a lifetime of work disintegrate as a result of poor business continuity planning
- Lose confidentiality during the sale or exit process"

If exit planning is so important why don't all business owners develop and implement a plan?

For most business owners, they spend a major part of their life building their business. The thought of exiting the business is a symbol that a significant part of their life is coming to an end. Most people find that difficult to deal with psychologically, and thus they avoid the pain by avoiding the planning process.

Also, exit planning is time consuming. Most business owners days are consumed running their business, and then trying to find time for family and social obligations. They feel they don't have time to create a comprehensive exit plan.

Studies show that most business owners do not understand the tremendous return on investment exit planning can provide them. A lack of understanding prevents them from weighing the benefits of doing something versus doing nothing. As a result, they favor the status quo and inertia.

Finally, most business owners don't have the knowledge to set up an exit plan, and they don't know where to seek professional guidance. If you would like to organize a professional team to help you set up and implement an exit plan just contact me.

Wayne A. Simpson CPA, CBI is a Managing Partner at Utah Business Consultants and a Certified Business Intermediary with the International Business Brokers Association. Utah Business Consultants is a full-service Business Brokerage and Valuation firm.