The ALLIANCE®
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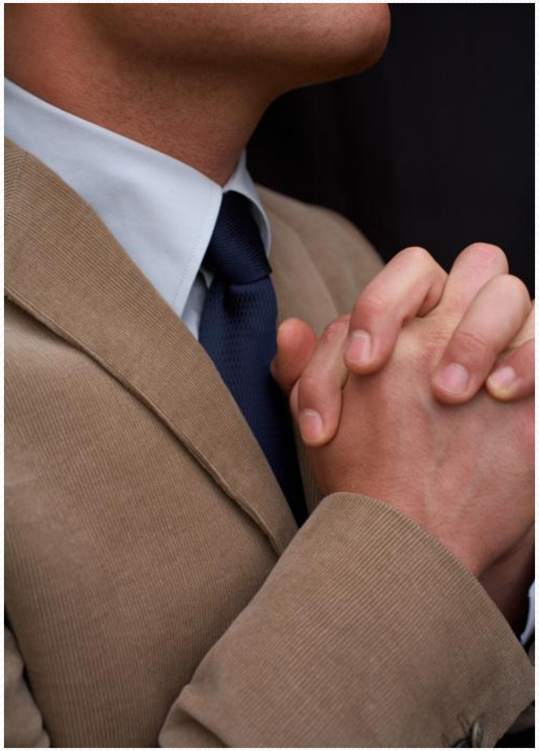
Getting Ready for the Exit Day

When we sell the business, will we maximize the fruits of our labor?

Robert Sher

Many mid-market CEOs sell their companies for far less than what they hoped because they are unprepared for the "Exit Day." Why?

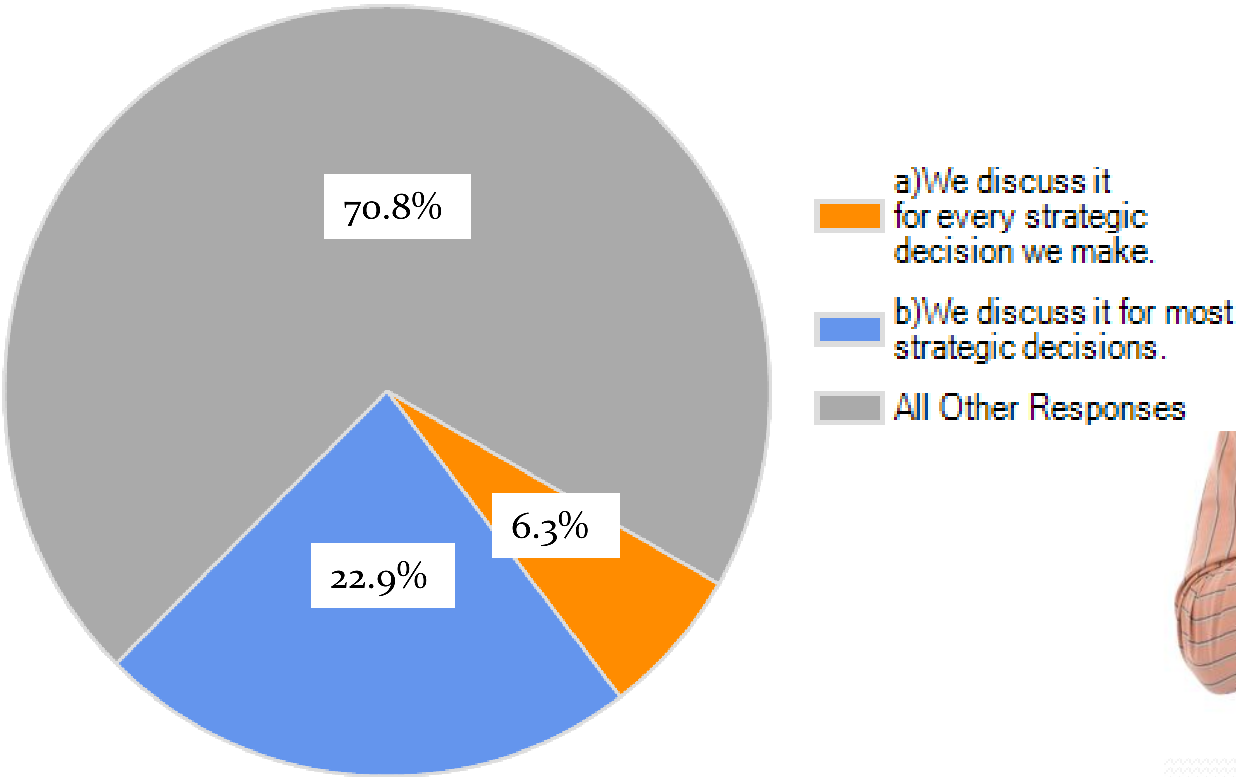


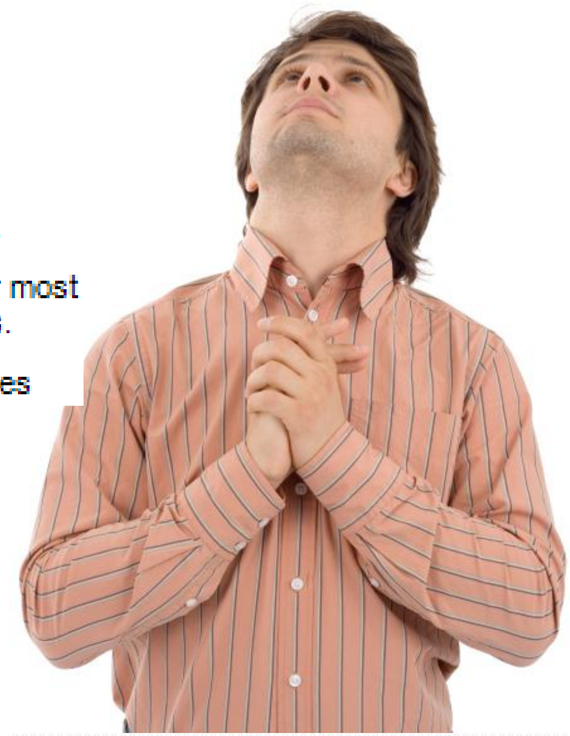
Too much hoping and wishing.

How much preparation and attention do we give to the exit?

We don't plan with the end in mind.

In your strategic planning sessions, how often do you discuss the effect of each major decision on the ultimate sale of the business?

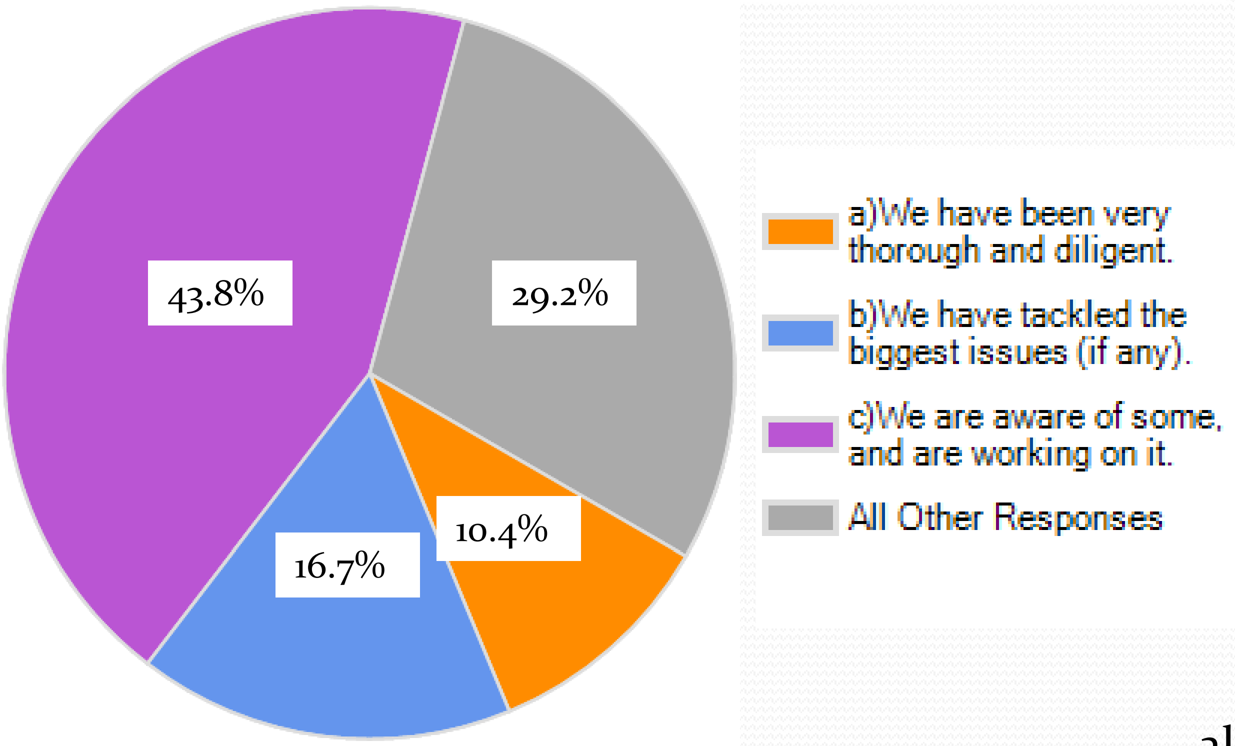




We make big decisions and hope it will add to value at exit.

We don't keep the business pristine.

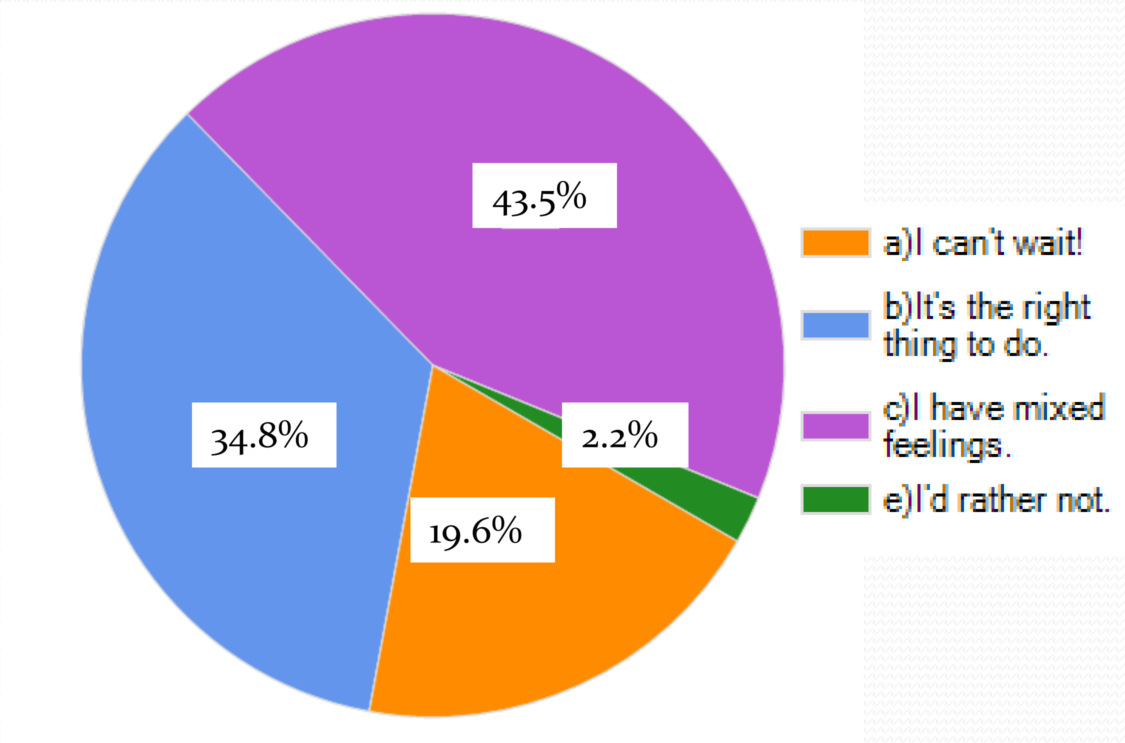
In the three years before a planned sale, have you systematically reviewed all potential detractors (a.k.a. hair on the deal) from sale price or salability and if any, actively worked to mitigate them?



We make messes and allow weaknesses to linger.

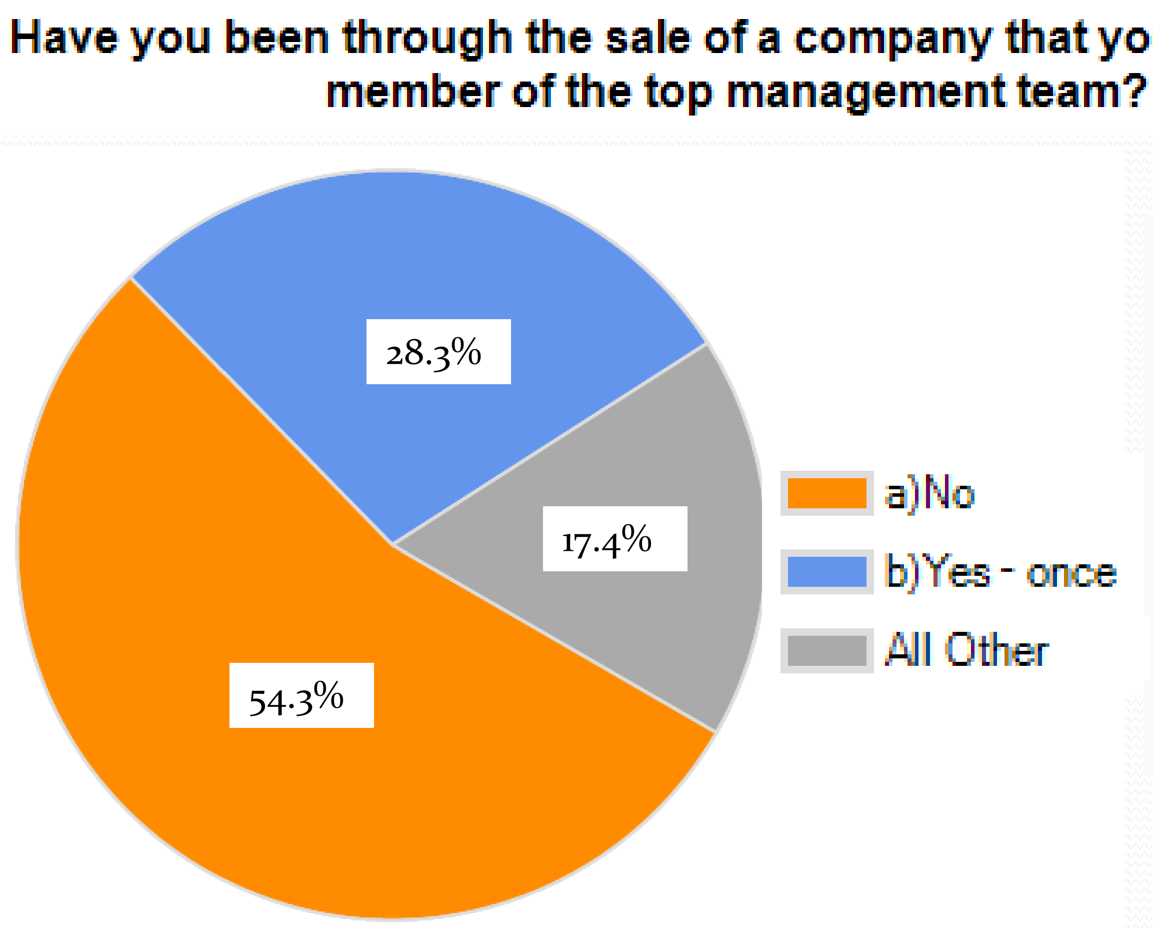
We aren't eager to sell.

How do you feel about selling the business at a fair price?



Selling the business feels like the end. Like we're done. Judgment Day.

We haven't much experience selling businesses.



It's hard to be an ace the first time through.

The 7 Essentials of a Pleasurable Exit

Sale Process

In preparing for an exit, CEOs rely too heavily on their investment bank. They need to do a number of things to get their house in order, long before the for sale sign goes up.

The 7 Essentials of a Pleasurable Exit

1. Building a strong, hair-free business.

Action: Know what will be perceived as hair, and plan to trim it back.

The 7 Essentials of a Pleasurable Exit

2. Get the business to a place where it is primed for growth, and has a clear, tested path forward for growth.

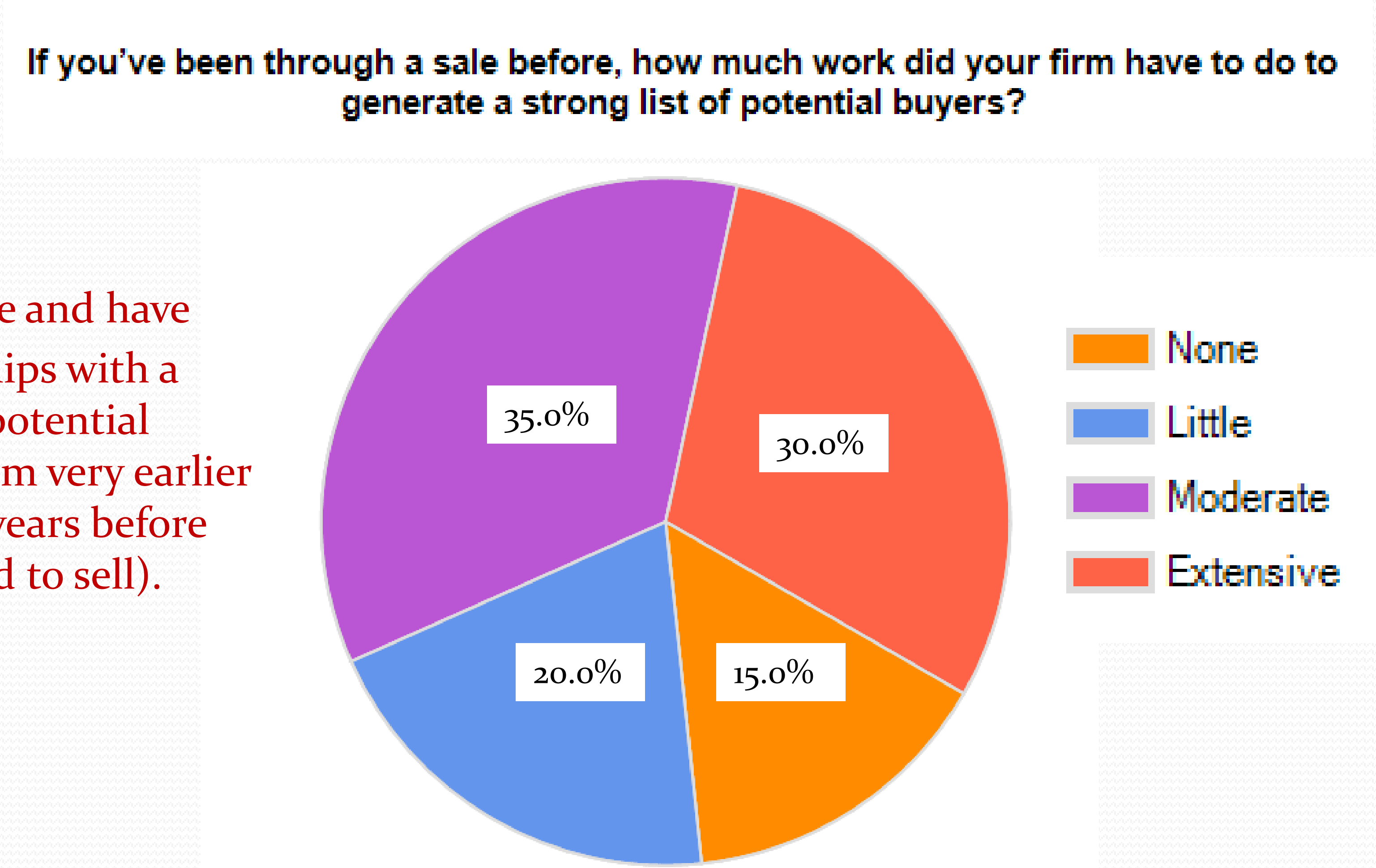
Most business that are stuck, are stuck behind difficult obstacles and do not deserve a premium price. Prove you're not stuck.

The 7 Essentials of a Pleasurable Exit

3. Build a business with attributes that make it of interest to many buyers.

Knowing what buyers will be/are demanding is critical--or you can't be sure you've got a business that will sell, and at higher multiples.

The 7 Essentials of a Pleasurable Exit



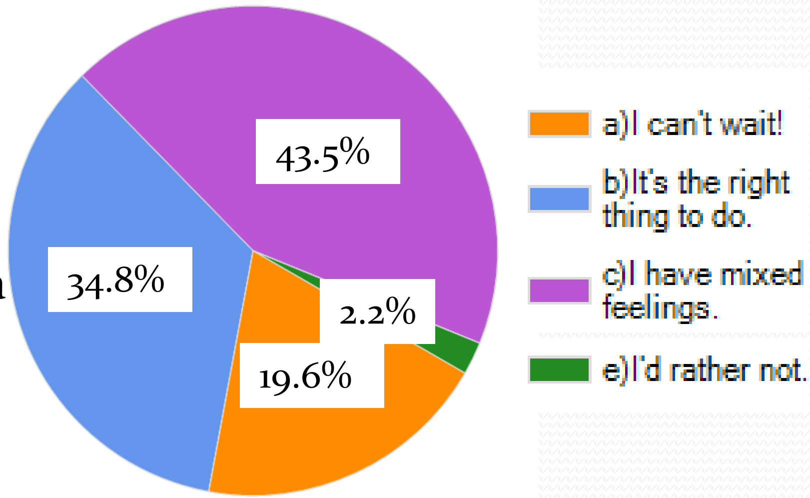
4. Create and have relationships with a group of potential buyers from very earlier on (even years before you intend to sell).

The 7 Essentials of a Pleasurable Exit

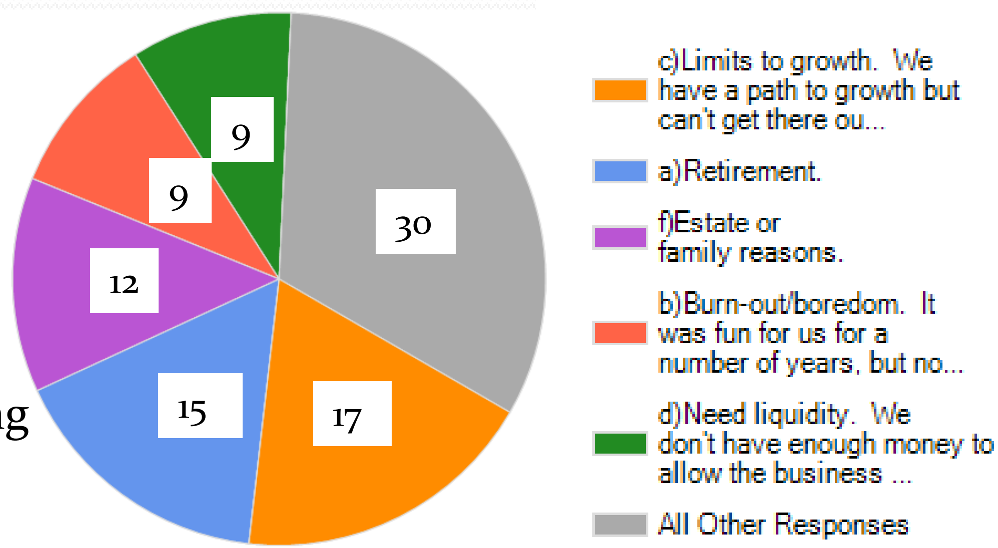
5. Establish a life path that makes you eager to sell.

The ibanker's bane: A seller who changes his mind and decides not to sell, or is unreasonable. They watch for this and the best ones walk away from it.

How do you feel about selling the business at a fair price?



What are your reasons for selling the business?

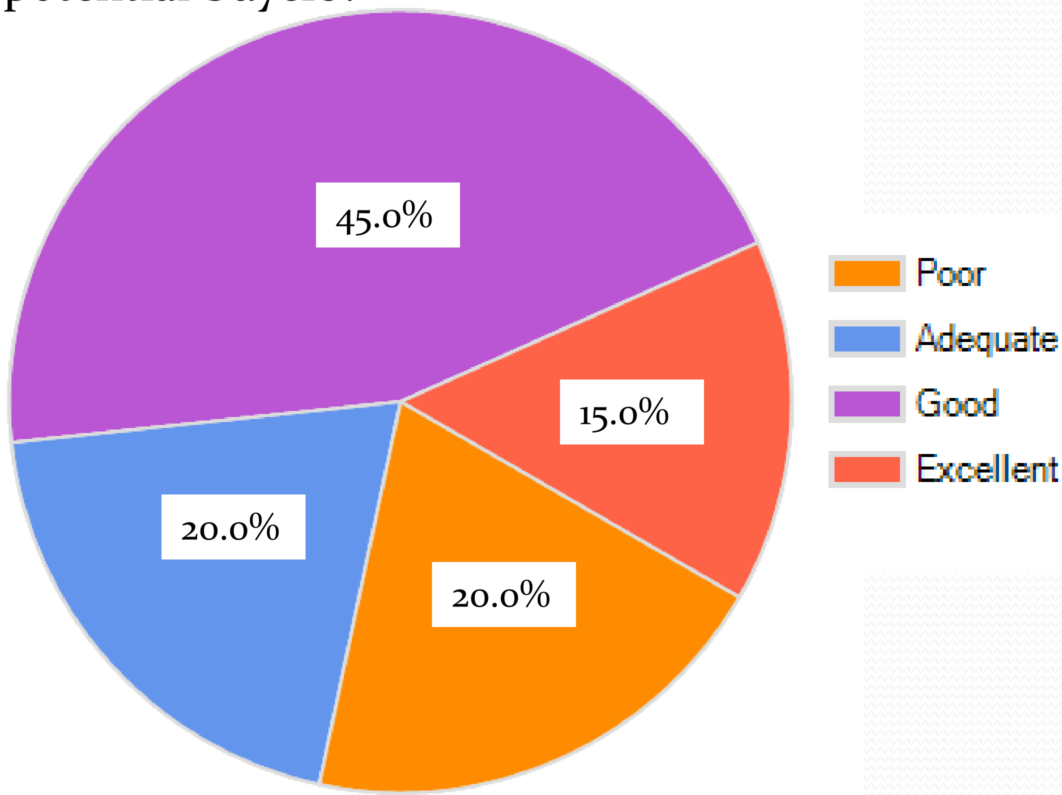


The 7 Essentials of a Pleasurable Exit

6. Run the sales process well. Choose and manage the investment banker well (if you need one.)

The ibanker works for you, but is motivated by his own results. Hire one if you need one, but don't delegate authority or responsibility. Choose an investment banker that knows many potential buyers or will take the time to conduct an extensive search of candidates.

How would you rate your firm's investment banker on its knowledge of the range of potential buyers?



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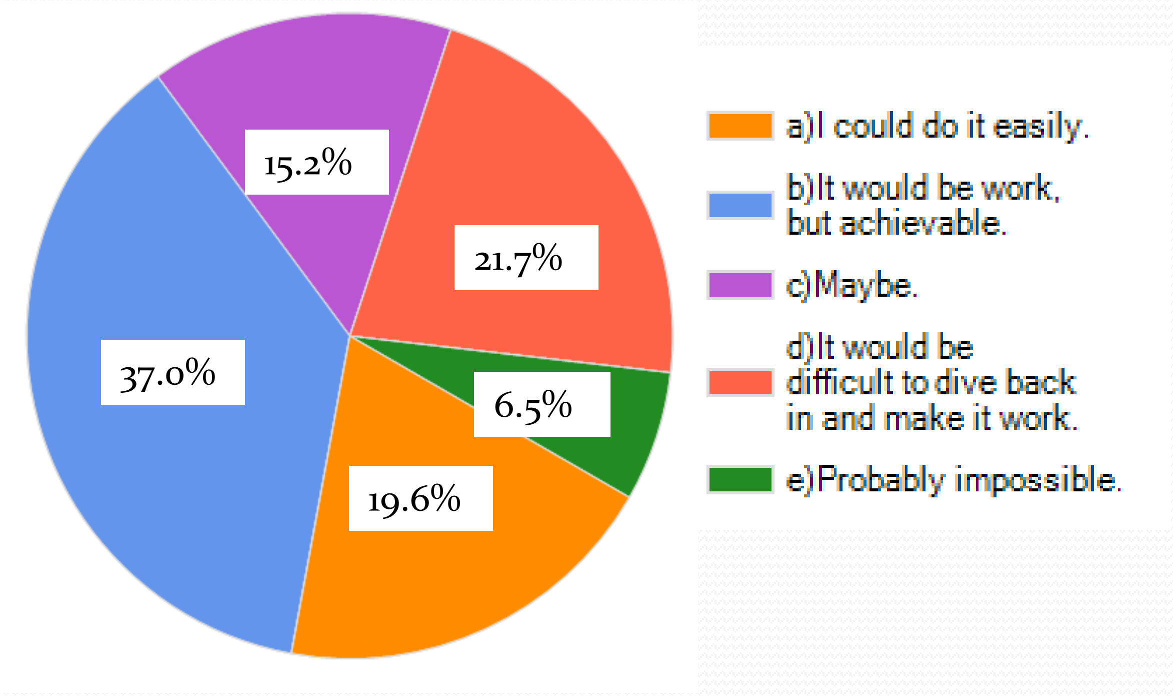
7. Ensure that the post-sale business delivers on plan.

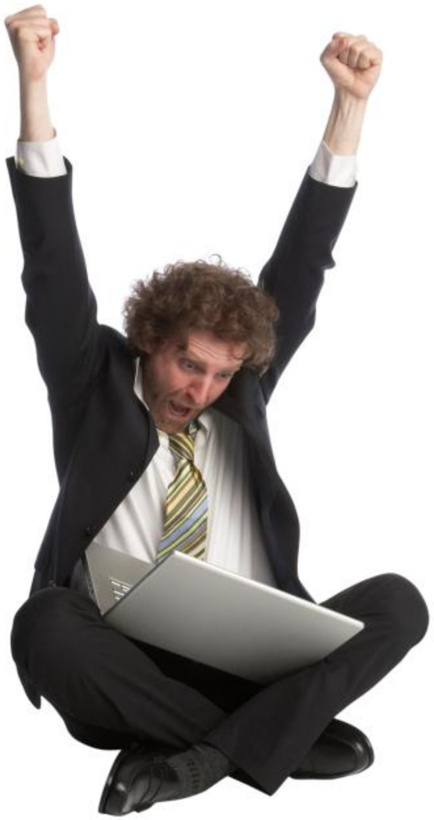
All cash deals are ideal, but not always possible. What happens afterwards is a critical planning element.

If the buyer defaulted after a year to 18 months, could you take it back and successfully run your business? (Assume no integration).



Robert Sher's

Seven Keys to a Pleasurable Exit



1. Grow a strong, hair-free business.
2. Clear the path for steady growth.
3. Build a business that will be in hot demand.
4. Create relationships with potential buyers.
5. Develop owner's eagerness to sell.
6. Run the sale process well.
7. Ensure success after the sale.

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