

Business Owner Continuity & Exit Planning Checklist



This checklist is for owners of a small business or professional practice. Its purpose is to assist in identifying and prioritizing the tasks required to make certain that 2 essential business objectives are achieved:

1. *Protection and growth of a company's value according to the owner's objectives*
2. *Have an exit strategy that leverages company's value for the owner's benefit*

Company Valuation

Knowing the value of your business is essential. It is a measuring stick to assess how well you are managing your enterprise and growing company value over time.



Valuation methods:

- *Fair Market Value* – based on analysis of recent sales of comparable businesses.
- *Asset Sale Value* – Includes ONLY inventory/supplies, fixed assets and all tangible assets. Excludes all liquid financial assets and all liabilities.
- *Income Approach* – transforms measures of profits or cash flow into estimates of value based on multiples, capitalization rates, and discount rates.
- *Enterprise Value* – the firm's value as a functioning entity and it is helpful in that it facilitates the comparison of companies with varying levels of debt.
- *Liquidation Value* – based on value of all company assets, assuming immediate sale and settlement of liabilities.

Business Continuation Planning



To all those connected to your business, continuity is critical. Insure continuation of operations in the event of loss due to owner or key employee death/disability/departure, property loss, technology interruption/failure, natural disaster.

- Overhead expense protection*
- Buy-Sell plan/agreement*
- Key employee protection*
- Employee retention*
- Property & IT continuity*

Exit Strategy / Business Succession

It is inevitable that someday you will step away from your business. It will either happen as part of a plan, or due to something unexpected. To make certain your *exit* occurs as you intend and prefer, you must have an Exit Strategy or Succession Plan in place at all times so you will be ready, and will never be caught by surprise.

- *Will your exit be to retire or move on to your next venture? Consider and establish lifestyle goals, business objectives, and exit timing preferences.*
- *Determine exit option:* *transfer to family or key employee(s)* *sell to 3rd party* *merge with another company* *close & liquidate assets.*
- *Update company valuation. This should be in place at all times.*
- *Be certain all company financial statements & processes are updated and in proper order.*
- *Seek advice/assistance of business, tax, legal, & financial advisors.*

