

# ***Business Exit Preparation or Exit Optimization***

## **Are You Taking the Right Approach?**

*by Larry O'Toole*



***What's the difference between preparing your business for exit and preparing your business for optimization?  
The answer can be millions of dollars.***

Thousands of baby boomer business owners are reaching an age that is causing them to think about the future of their company. For most, selling to a third party one day is the most attractive option. However, many going this route find out too late that their approach to preparing to exit wasn't effective and this lesson costs them millions of dollars.

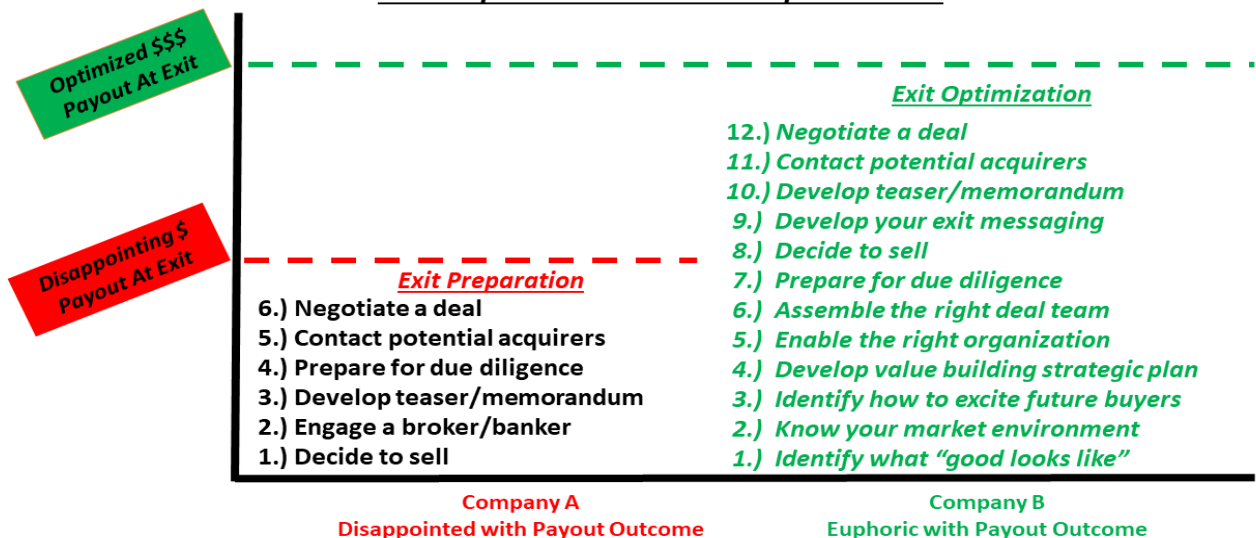
As a CEO of manufacturing and service related businesses, I've been on the buy and sell side of companies ranging as small as just a few million dollars to as large as several hundred million dollars. The difference between being disappointed or being euphoric at time of sale depends on a business owner's preparation. Let's look at two very different approaches:

***Exit Preparation – the final steps taken in the last 9 to 12 months of owning your business as you prepare to sell to a future acquirer.***

***Exit Optimization – the early steps taken 2+ years before starting exit preparation and using time as a friend to develop & execute the right business plans that will enable you to excite future acquirers.***

A homeowner can prepare their house for sale by hiring an agent, doing basic cleaning & organization and listing it for sale. But for homeowners that want to optimize their sale, they start earlier and determine what basic or large remodel work may be needed to excite the most buyers to receive an optimal price. The same principle applies with any business.

### **Exit Preparation Versus Exit Optimization**



## ***Playing Defense Can Cost You Millions***

Business owners have two choices when it comes to preparing for a successful future exit. One is to play defense, because you aren't leaving yourself enough time to make any meaningful changes to your business that will excite potential acquirers. Going this path, you are leaving the outcome of your exit to chance. The second option is to play offense. In the businesses I led, we used time as a friend to define what good looks like, identified how we would excite future buyers and drove it all by having the right strategic plan. This put us in the driver's seat of building company worth so at time of exit, we optimized it!

## ***You Can Avoid Disappointment***

Avoid joining the list of business owners that are disappointed at time of exit. Join the elite group that takes the optimal approach and are euphoric upon exit. You work too hard putting years of yourself and your money in to building something special only to be disappointed with the outcome. I encourage those that want to optimize future company worth to learn from those who have gone before them. Turn to your advisors and supplement your team with external professionals that have already been down the path you're traveling. Get guidance from those that can take away the uncertainty of how to build your company worth. Take the right approach and build an effective strategic plan that will get you on your way to delivering a euphoric future exit outcome!

*About the Author: Larry O'Toole has over 20 years as an experienced CEO of manufacturing and service businesses. He founded Yosemite Associates, LLC and introduced the **Bank your moment**® campaign to help company owners extract the uncertainty associated with building their company worth. Larry serves on various corporate Boards and assists a diversified group of business owners on their worth creating journey. Larry can be reached at 949.874.0787 or [Larry.OTOole@YosemiteAssociates.com](mailto:Larry.OTOole@YosemiteAssociates.com).*

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