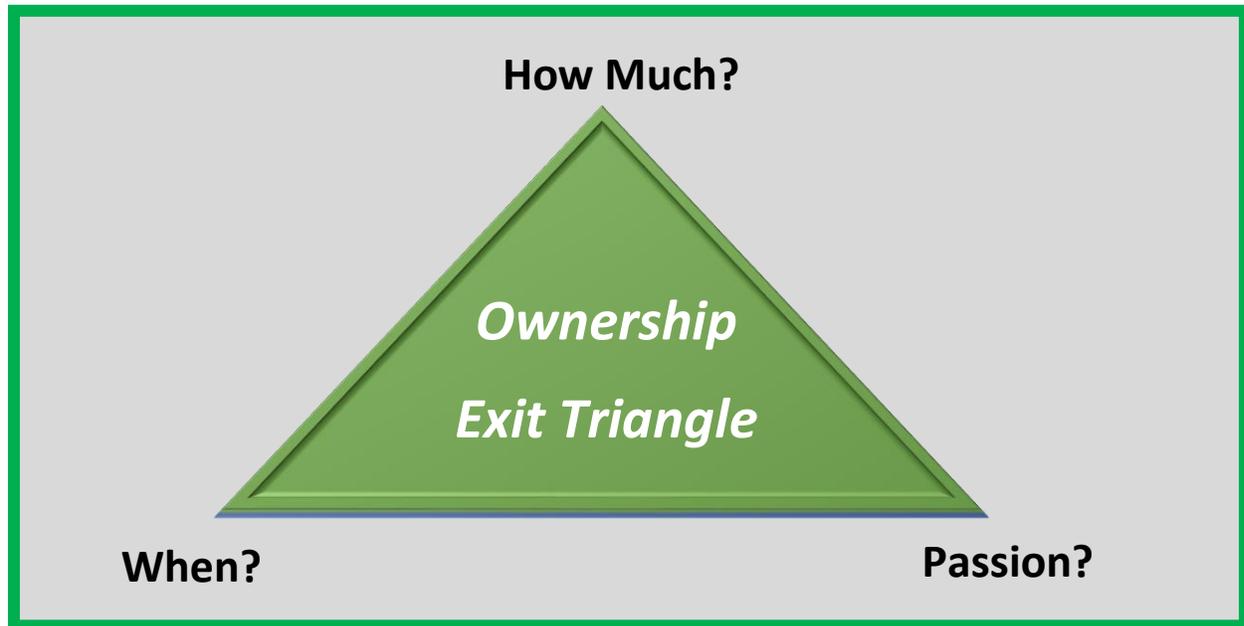


Defining Your Ownership Exit Triangle



Let's start with the good news. Many business owners possess the dream of one day selling their business and achieving a euphoric outcome. Now the bad news, many of these same business owners lack having a solid plan for making that dream a reality and never achieve it.

We regularly see that well run and successful businesses today do not always translate to "exit ready" businesses tomorrow. Exit ready means delivering on the owner's dream relative to what they hope to one day achieve from selling their company. The gap is because not enough thought has gone into what we call, the **Ownership Exit Triangle**. This triangle is the starting point for facilitating critical questions a company owner should be answering to help lay the critical foundation to achieve their desired future outcome. Start by asking yourself these questions:

How Much?

- What dollar amount do I want to receive one day from selling my company to make me excited?
- Have I factored into this dollar amount what I will want to support my post sale lifestyle (personal cash flow needs, philanthropy, hobbies, starting/buying another business, etc.)?
- Have I factored in the Net amount I will receive from the Gross payout the sale of my company might deliver? (Sellers of private businesses are often unpleasantly surprised at achieving a desired Gross payout for their company but did not truly understand the Net amount they would receive.)

When?

- What is my desired time frame for exiting my business?
- Am I aligned with business partners, investors and family members related to this timing?

Passion?

- What passion do I have left for continuing to invest my time and money into my company?
- Am I aligned with my spouse/partner related to what our post sale lifestyle and interests may be?

As you think about developing your **Ownership Exit Triangle**, here are additional insights to consider:

- **Setting your “How Much” dollar exit target will help you:**
 - Evaluate and make key strategic and investment decisions along the way. In evaluating key decisions, you can gauge what they will mean relative to helping achieve your target.
 - Avoid having an inflated sense of what your business might be worth one day (which often derails seller exit attempts). With your target set, you can speak with your various advisors to get their input as to the reality of your end dollar target for your type of business.

- **Identifying your desired “When” exit timing will help you:**
 - Assess whether you’ve left yourself the necessary time to build the business in a way that will help you achieve your “how much”. Having an aggressive “how much” target may require a greater amount of time to achieve it.
 - Determine whether your “when” and “how much” are aligned. You might set an aggressive “how much” target but then realize you are not realistic in terms of how much time may be required to get there. This might require a reset of expectations.

- **Thinking through your “Passion” will help you:**
 - Conduct needed soul searching in terms of what passion you have left for your business. Depending on your “how much” and your “when”, you want to sanity check whether your passion level will support achieving the other elements of your triangle.
 - Avoid getting to an exit event only to realize you and your spouse/partner are not aligned around what good looks like for the future related to your passions and interests. Lack of alignment can lead to unnecessary stress and can even prevent a successful exit from occurring.

Join the elite group of company owners that achieve their exit dream by having an effective plan to help get there. Use time as your friend and take the first step of defining your **Ownership Exit Triangle**.

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**® and **Yosemite Business Diagnostics**™ campaigns 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.*

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