

FINANCIAL FOCUS®

Planning Your Business Exit: Start With The End In Mind

If you own a business, you've probably spent countless hours thinking about how to grow it, manage daily operations and serve your customers. But have you thought about how you'll eventually step away from it? While it might seem premature, planning your successful exit from your business is one of the smartest moves you can make as an owner.

The reality is that most business owners have 80% to 90% of their net worth tied up in their companies, according to the Exit Planning Institute. That's a significant investment that deserves careful planning to protect. Unfortunately, 70% to 80% of businesses put on the market don't sell, and about half of all business exits are involuntary due to unexpected circumstances like health issues, family emergencies management disputes or economic downturns.

Exit planning is more than preparing for retirement. It's taking control of your future and ensuring you can transition away from your business when and how you choose. You can start with the end in mind – a proactive approach that can inform your current business decisions and help increase your company's value and marketability.

Begin by articulating your personal goals for both the transaction and your life afterward. Maybe you

want to sell only a portion of your business, stay on as a paid consultant or use the proceeds to start your next venture. Understanding your vision helps shape everything else.

You'll want to calculate how much money you'll need to fund your desired retirement lifestyle, accounting for expenses that may be currently covered by the business, like your cellphone, vehicles, travel and health care. Don't forget about your legacy goals too – what you want to leave for your family or charitable causes.

Getting started requires building a strong professional team. At the center should be a financial advisor who can help you through the planning, execution and post-sale phases. You'll likely also need a tax professional, legal advisor, commercial banker and business valuation expert. Depending on your exit strategy, you might later add specialists like business brokers, investment bankers or employee stock ownership plan advisors.

Understanding your business's current value is crucial. It's a good idea to get a calculation of value at least three to five years before your planned exit. This isn't as formal or expensive as a qualified appraisal, but it gives you a realistic range of what your business might be worth.

This step may reveal a gap between what you need financially and what your business could sell for. If so, don't panic. You have several options: work longer, adjust your spending expectations, save more outside the business or focus on increasing your company's value. You can boost value by increasing profits through higher market share, new products, better pricing or reduced costs. You can also improve intangible assets like employee expertise, operational systems and customer relationships.

Finally, consider who your successor might be. Selling your interest to family members, business partners or employees often provide more control over timing and lower transaction costs, though they may result in lower sale prices. Selling the business to third parties typically bring higher proceeds but less control over the process.

The key message is simple: it's never too early to start planning your exit. Whether you're thinking about stepping away next year or in the next decade, taking proactive steps now puts you in control of your business's future and your own financial security.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.



**H & H
MOONWALKS**

**MOONWALKS, WATERSLIDES,
COMBOS & OBSTACLE COURSE**


832-814-8511

Edward Jones > edwardjones.com | Member SIPC

We're more than just a great rate.

Bank-Issued FDIC-Insured	4.0% 6 Mth	4.25% 1 Year	Minimum Deposit \$25000 1-Year APY*
-------------------------------------	----------------------	------------------------	--

Call or visit your local financial advisor today.

 **Taylor M Starnes**
Financial Advisor
805 12th Street
Hempstead, TX 77445
979-826-0436

* Annual Percentage Yield (APY) effective 07/21/2022. CDs offered by Edward Jones are bank-issued and FDIC-insured up to \$250,000 (principal and interest accrued but not yet paid) per depositor, per insured depository institution, for each account ownership category. Please visit www.fdic.gov or contact your financial advisor for additional information. Subject to availability and price change. CD values are subject to interest rate risk such that when interest rates rise, the prices of CDs can decrease. If CDs are sold prior to maturity, the investor can lose principal value. FDIC insurance does not cover losses in market value. Early withdrawal may not be permitted. Yields quoted are net of all commissions. CDs require the distribution of interest and do not allow interest to compound. CDs offered through Edward Jones are issued by banks and thrifts nationwide. All CDs sold by Edward Jones are registered with the Depository Trust Corp. (DTC).

FDI-1867K-A © 2022 EDWARD D. JONES & CO. L.P. ALL RIGHTS RESERVED.

**HONEY BEE
SEPTIC LLC**

☎936-931-9778 ☎281-924-6357

Dustin Standley
dustin@hbseptic.com

22009 Fairgrounds Rd. Hempstead, Tx 77445

**Septic System Pumping Services
Port-A-Can Rentals - Event & Jobsite**



K10 ROLL OFFS
WE DO THE HEAVY LIFTING

JUNK HAULING WASTE REMOVAL CONSTRUCTION CLEANUP
HOME RENOVATION CLEANUP

**Dustin
& Julie Standley** ☎281-924-6357

sales@k10rolloffs.com 1112 Austin St. Hempstead, Tx 77445

FLOORING DI\$COUNTERS

COME SEE OUR SHOWROOM! SAMPLES AVAILABLE TO CHECK OUT!

- Member of the Hempstead Chamber of Commerce
- Professional Yet Friendly Environment
- Integrity Based • Attention To Detail
- Emphasis On Service

 **145 Bremond St. Hempstead, TX 77445**
979-826-2994
Mon - Fri 9am - 5pm • Sat by Appointment Only
www.flooringdiscounterstx.com

RESIDENTIAL & COMMERCIAL • SALES & INSTALLATION

10% ALL IN STOCK CARPETS!!

MOST FLOORING AVAILABLE FOR PICK UP NEXT DAY!

CARPET | VINYL & SPC | CERAMIC & PORCELAIN TILE | WOOD
QUARTZ | GRANITE | FORMICA COUNTERTOPS

Serving The Bellville, Brenham, Cypress, Hempstead, And Waller Areas