


10 Business Exit Planning Strategies



As a successful professional selling or exiting your business, selecting the most appropriate strategy for you is critical for achieving not just your potential for wealth, but your potential for living.





Below is a brief introduction to 10 strategies you could be asked to consider.

1

STRATEGIC (INDUSTRY) BUYER

Strategic buyers often pay the highest price, however, may restructure the acquired company.

2

FINANCIAL BUYER (VIA A LEVERAGED BUYOUT - LBO)

Strategic buyers often pay the highest price, however, may restructure the acquired company. Loans are typically used in financing the acquisition.

3

MANAGEMENT BUYOUT (MBO)

Family members and/or a group of current managers raise capital or debt to acquire the company.

4

EMPLOYEE STOCK OWNERSHIP PROGRAM (ESOP)

This regulated alternative allows the business owner to sell all or part of the company to a trust, which generally borrows money in order to affect the transaction.

5

LEVERAGED RECAPITALIZATION

The company borrows money and buys back shares from the owner (akin to a share buyback program offered by public companies from time to time).

6

SALE TO A FOREIGN INVESTOR

Foreign groups may acquire minority or majority share in U.S. firms. Typically, investors are firms linked to the U.S. company's industry or supply chain.

7

PRIVATE INITIAL PUBLIC OFFERING (IPO) OR PRIVATE PLACEMENT OF EQUITY

Investment firms can be used to facilitate the acquisition of successful private or family-owned companies through organizing private (Accredited) purchasers.



8

RESTRUCTURING TO GENERATE LIQUIDITY TO BUY BACK SHARES

In an effort to avoid dilution of ownership, other methods can be used to generate liquidity to buy back outstanding shares. These measures include facility consolidation, asset sales, or other means.

9

ESTATE PLANNING TRANSITION PLANS

With prior planning, owners can take advantage of a number of trust and estate alternatives for the gradual transfer of the firm to new shareholders (usually family members).

10

TAKING THE COMPANY PUBLIC (IPO)

Using company stock in public markets creates immediate liquidity for shares sold.

WHICH STRATEGY IS RIGHT FOR YOU?

Familiarizing yourself with this list of potential exit strategies is just the start of formulating your strategic exit plan. You can spend your remaining days clicking through thousands of pages of advice, but what you need is clarity—to understand why it's worth considering one option over another. And there is simply no substitute for sitting down with people who know how to listen and help co-create a plan that's yours and yours alone.

The Monument Wealth Management Team specializes in working with business owners who are planning to exit their business. Holding your long-term goals as our focus, we can work with your trusted business exit team (likely a Mergers & Acquisitions Advisor, Investment Banker, Trust and Estate Attorney, Deal Attorney, CPA, and Wealth Manager), to help guide you through a successful business exit.

Visit our website at monumentwealthmanagement.com to learn about our Private Wealth Designs for business owners.



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