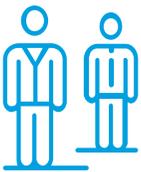


Business Owner Advisory

A Strategic Approach to Business Exit Planning: the “3 T’s”

As business owners regularly review their company’s performance relative to projections, budgets and goals, one agenda item that should not be left at the bottom of their “to-do” list is their ultimate exit plan.

Consider the “3 T’s”



Transition: What is the most likely path forward for the business?

For many owners, this involves evaluating monetization options such as a sale transaction to a third party or an internal sale via an employee stock ownership plan or management buyout. For others, this may mean retention of the business multi-generationally, which requires implementing next generation succession plans and strong corporate governance practices. And for some, it may mean simply preserving flexibility for any and all options while improving the transferability of the business.



Timing: When is the ideal time for a transition?

Business owners should assess how much personal runway they have from the present moment until their envisioned exit. The ideal timing takes into consideration personal, business, family and philanthropic objectives, while allowing for preparation to optimize the outcome and ensure a smoother exit.



Trajectory: What will the business look like in the future?

Finally, owners should take into consideration their prospective business opportunities on the horizon. More specifically, those that can be captured in the near-term to improve the business prior to a transition, or, alternatively, might be deemed an opportunity for new ownership. For those owners with a longer-term perspective, also consider industry trends (i.e. significant changes, disruption, potential for consolidation) as well as opportunities to be acquisitive in the current environment.

Ultimately, business owners who dedicate time to both business exit planning, i.e., preparing their businesses to be as attractive as possible, and personal financial planning will be more in control of the narrative of their business exit and result in a potentially more successful outcome than those who leave this important item as a future to-do.

To learn more about how City National Rochdale (CNR) can help you define, optimize and meet your business and wealth goals, reach out to your financial advisor.

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