

BUSINESSBYDESIGN.CO.UK

The Seven Deadly Ds



The Seven Deadly Ds

Business Owners Are Not Preparing Themselves Adequately for Future Life Events



Deal

This is where you meet someone at a networking event, you hear via the grapevine, or you may be approached directly by someone who is looking to buy your business. This is what I tend to do—approach owners off-market to see if they want to sell. Now if you know your company's valuation and how you want to structure the deal, then you will be in a very strong position to proceed. In my case almost all the owners I've spoken to who are interested in selling either had unsaleable businesses, the businesses were too owner-dependent, and/or the valuation the owners were putting on the business ludicrous, as in 20 to 30 times EBITDA. So, if you and your business are not ready, you could miss out on a deal, a potential sale.

Decide

If you get to decide to exit your business, then you are one of the fortunate people. Providing you have followed an exit strategy and you have everything in place, the sales or exit process should not take too long. However, if things are not in order, then this could add months to the exit and it will probably have an impact on valuation.

Distress

This is where the owner has had enough, they are stressed, burnt out, and they just want out. We call these owners "motivated sellers". And all they want is for the pain to go away and to move on to something else. This normally occurs where there is a bottleneck or a systems or management issue within the business.

Disagreement

These are disagreements between co-directors or shareholders. This only becomes an issue when there isn't a robust shareholders' agreement that

spells out exactly what needs to happen should a disagreement arise. This invariably results in one of the party/ies leaving the business and not being able to realise the full potential the business had.

Disease/Disability

None of us knows what is around the corner, and that is why having a plan in place to prepare for these eventualities is vital in protecting your business and wealth.

Divorce

I don't think any of us get married with the aim of getting divorced, at least I hope not! But this is something that will certainly have an impact on your wealth. Again, unfortunately it happens quite often.

Death

I hear a lot of owners tell me they are never going to retire, that they plan on working until they die. I fully appreciate that, as I probably place myself in that category. However, death is not an exit strategy, death is an event.

If the business is not prepared for that event, it will cause a lot of problems for that owner's family and/or employees. So, again it is important to have a plan in place to help those who will have to deal with this event in your absence.

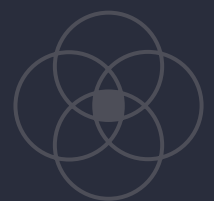
A One in Two Chance

The statistics are that around 50% of owners will be forced to exit their business. This shows how vital it is to always be prepared and to have an exit-ready business. And that is why I say it is a luxury if you get to decide to exit your business because for many people they will not have this option.

To find out more about how to exit your business successfully please visit www.businessbydesign.co.uk.

In the hustle and bustle of running a business it is very easy to take your eye off the ultimate end goal—successfully exiting your business. Keep focused and do not be afraid to ask for help.

Would you like to make sure your business is ready for sale? Learn more about how we can assist you. Please contact Cliff at Business By Design for a free confidential phone call to see how we can assist you.





Written by Cliff Spolander

Founder of:
Business By Design— Value Creation Process
Business Optics

Author of:
The Cash Flow Code: 6 Keys to
Unlocking Ultimate Cash Flow
The Smarter Exit: A Strategic Plan to
Grow and Exit Your Business

To get your free copies of these books
please visit businessbydesign.co.uk

