

The Great Escape

designed for: Mr. Retiring Business Owner

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by: Keith L. Hatton, CFP, CLU, CHFC

Starting Out

Building a business isn't easy. In the early stages, a business owner devotes all of his time and energy to the business. Profits, if any, are reinvested. Little time is left for anything else, especially things like long range planning.



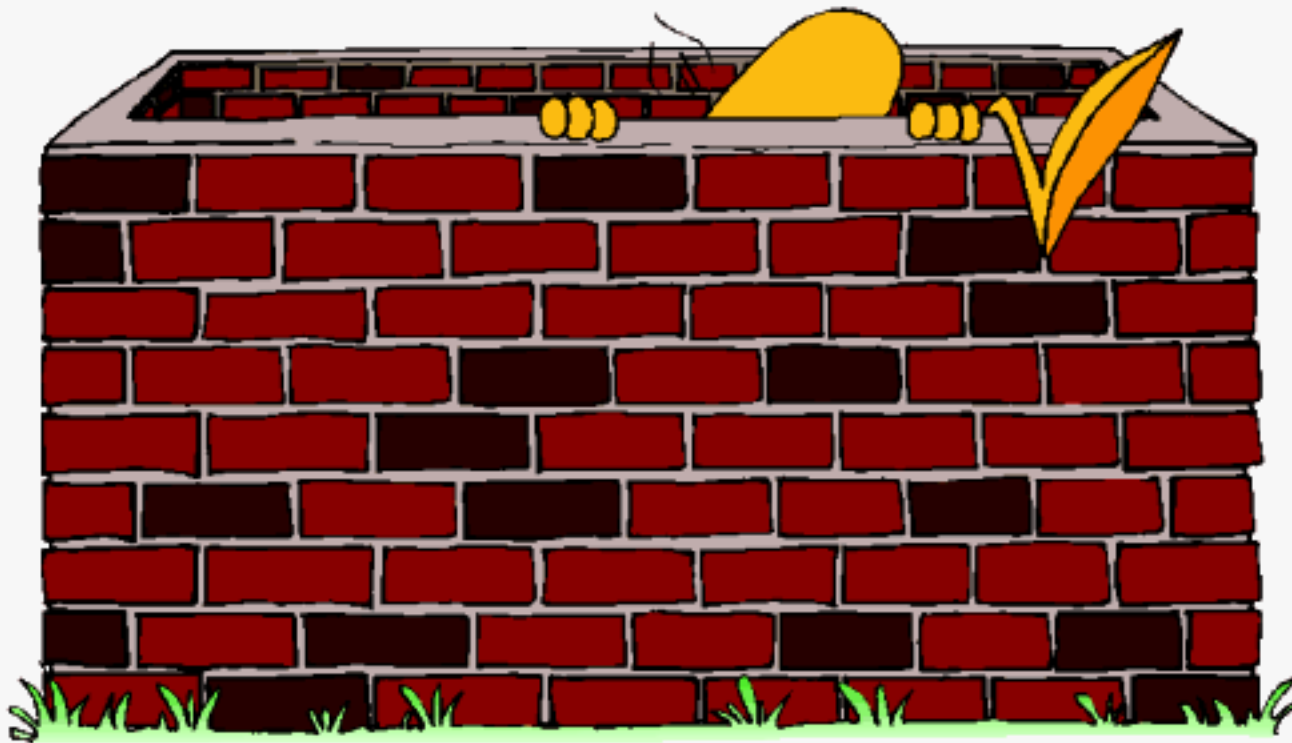
On a Roll

Once the business is established, a regular routine prevails. The initial concerns for the success of the business diminish. But the habits developed early on continue, and the business keeps on building.



Bricked In

The more successful the business becomes, the harder it is for the owner to get out. A business worth \$10,000 will always find a buyer, but what if it's worth \$1,000,000?



For Sale

Eventually, when it's time to retire,
the business is for sale.



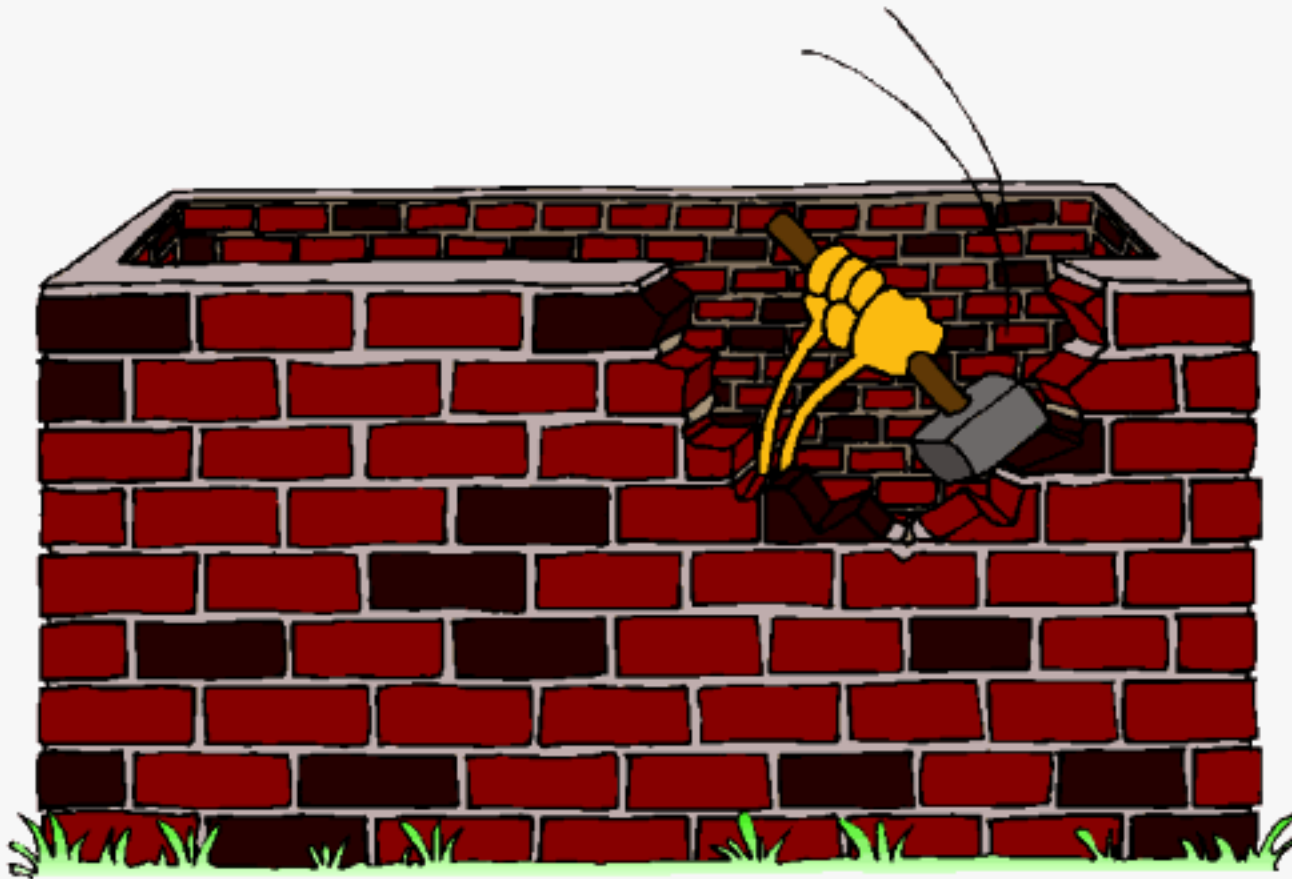
Sell Whole



Selling the business as a whole might seem like an attractive option. But with most small businesses, selling as a whole means having the existing owner remain to manage the business, or at least to assist in the transition. Most small businesses depend very heavily on the contribution of the owner who has developed the good-will over the years.

Sell Pieces

If no buyer is found the business may have to be sold in pieces, with a corresponding decrease in value. The owner has to preside over the dismantling of the business he has built up over the years.

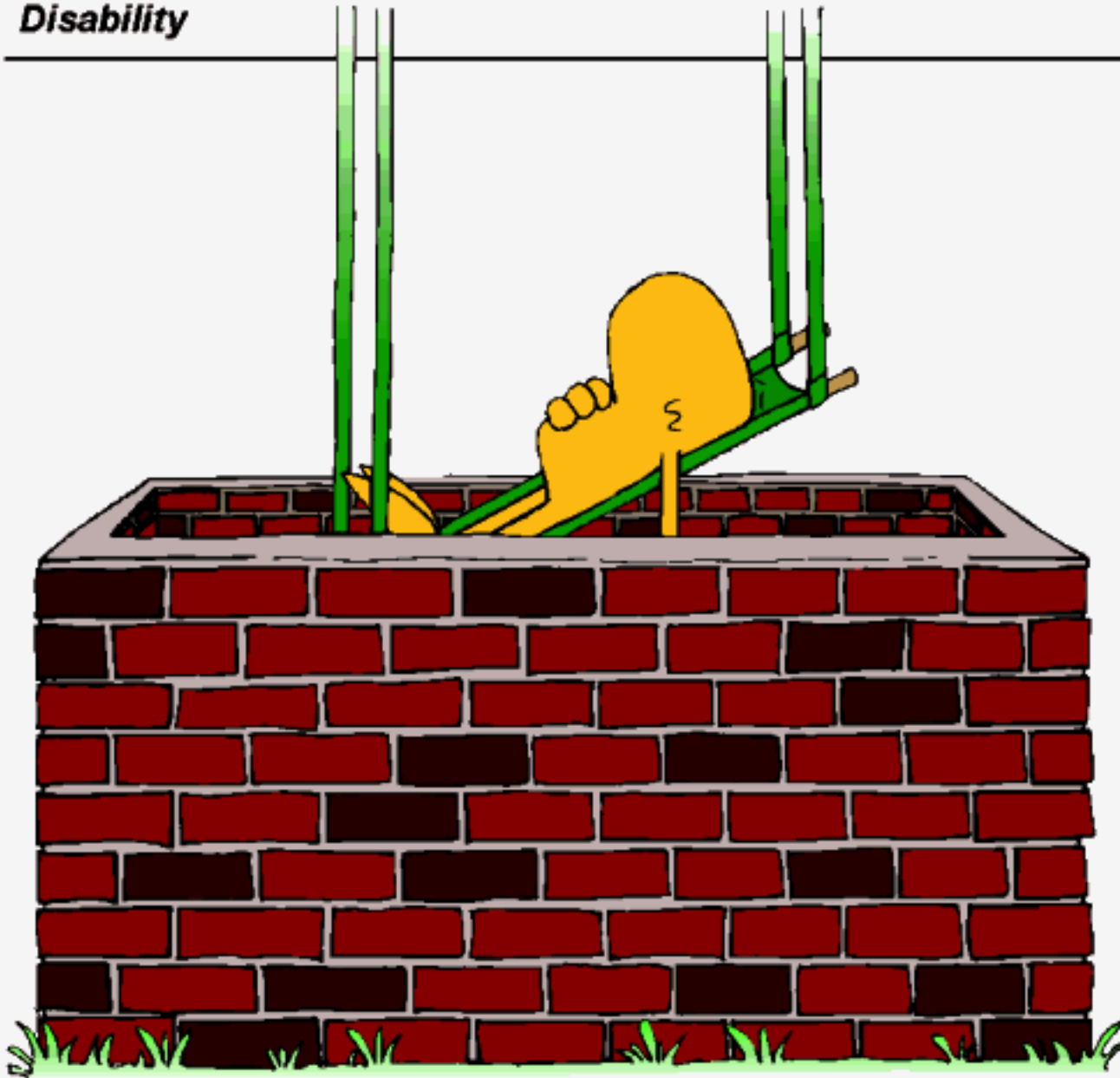


Death



The death of the owner provides a quick escape, leaving the problems to someone else. From a planning point of view, this is not a recommended method.

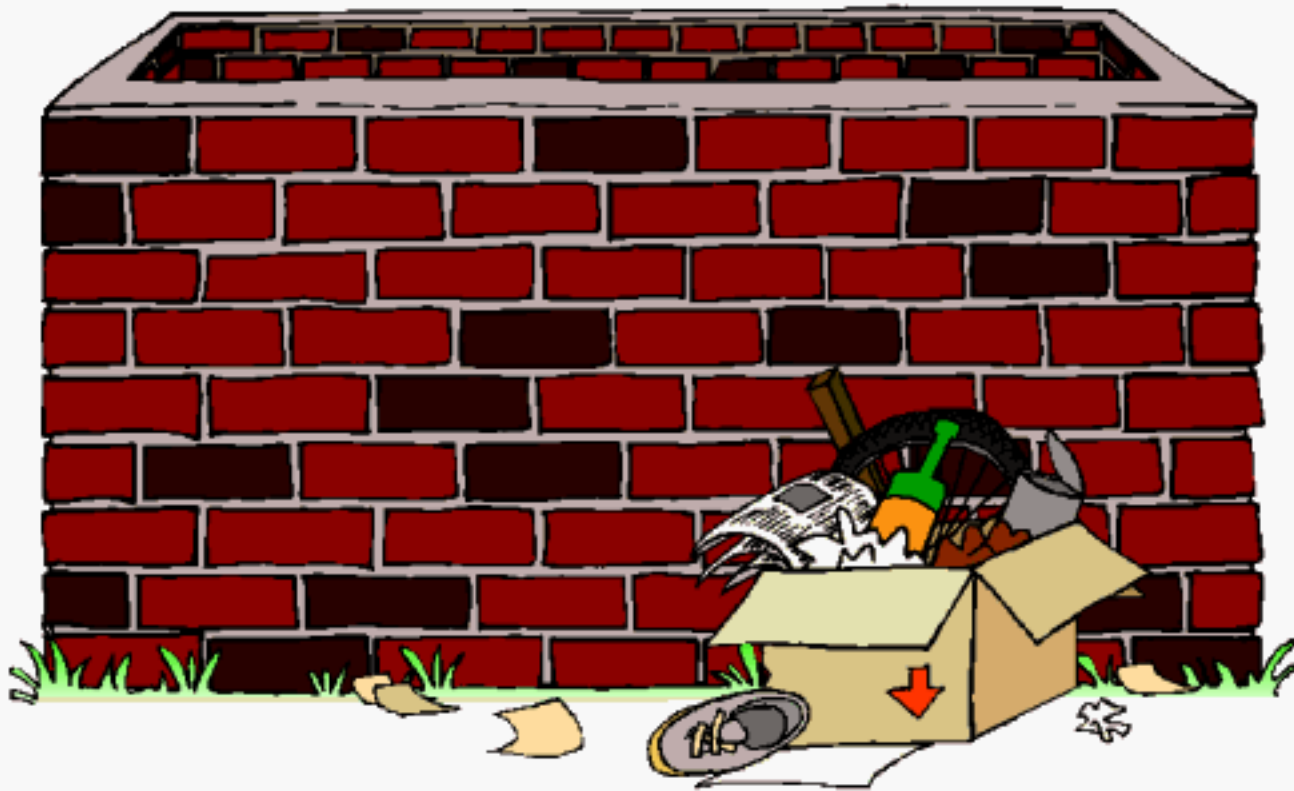
Disability



Disability can provide a speedy exit, and many owners have disability insurance to provide an ongoing income while they are unable to work.

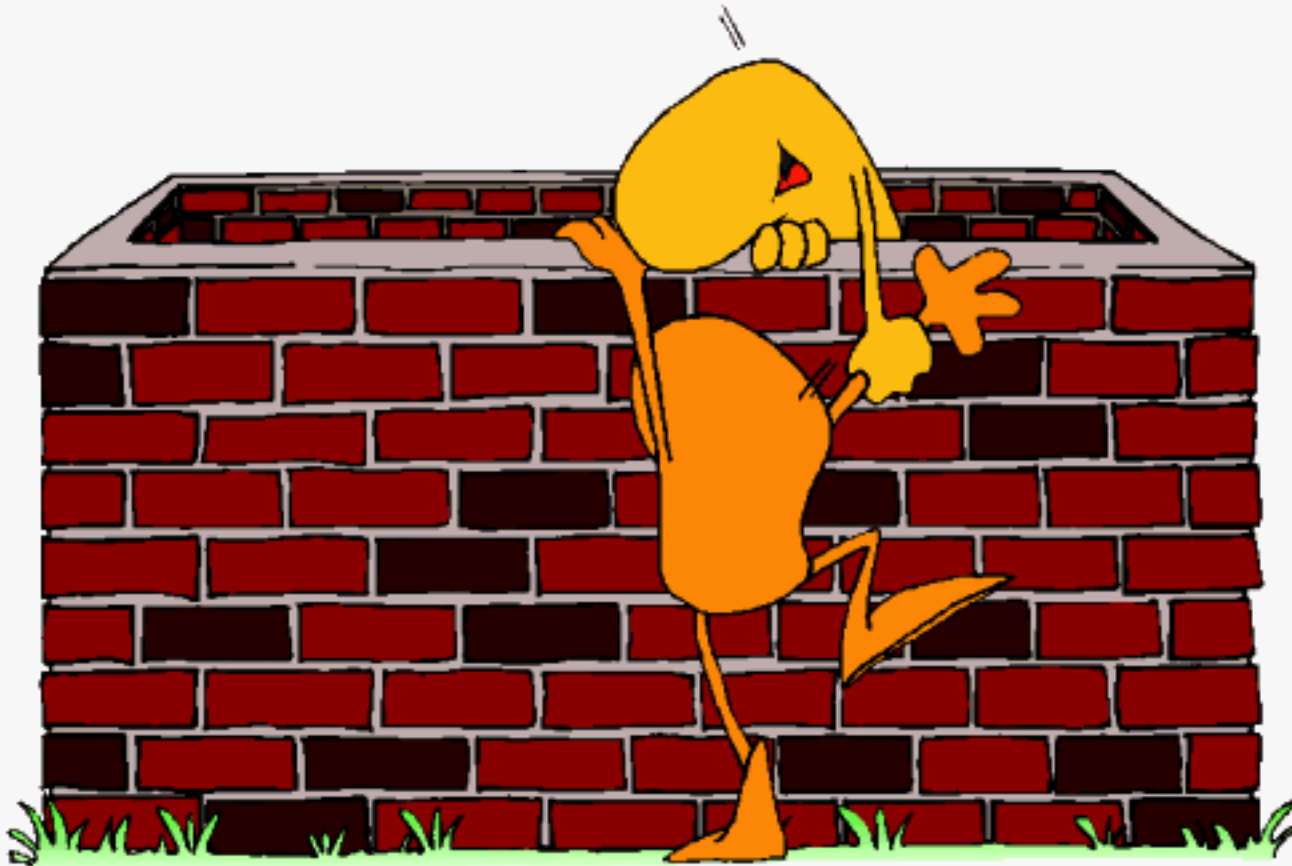
Neglect

Meanwhile, however, no-one is looking after the business, which quickly deteriorates.



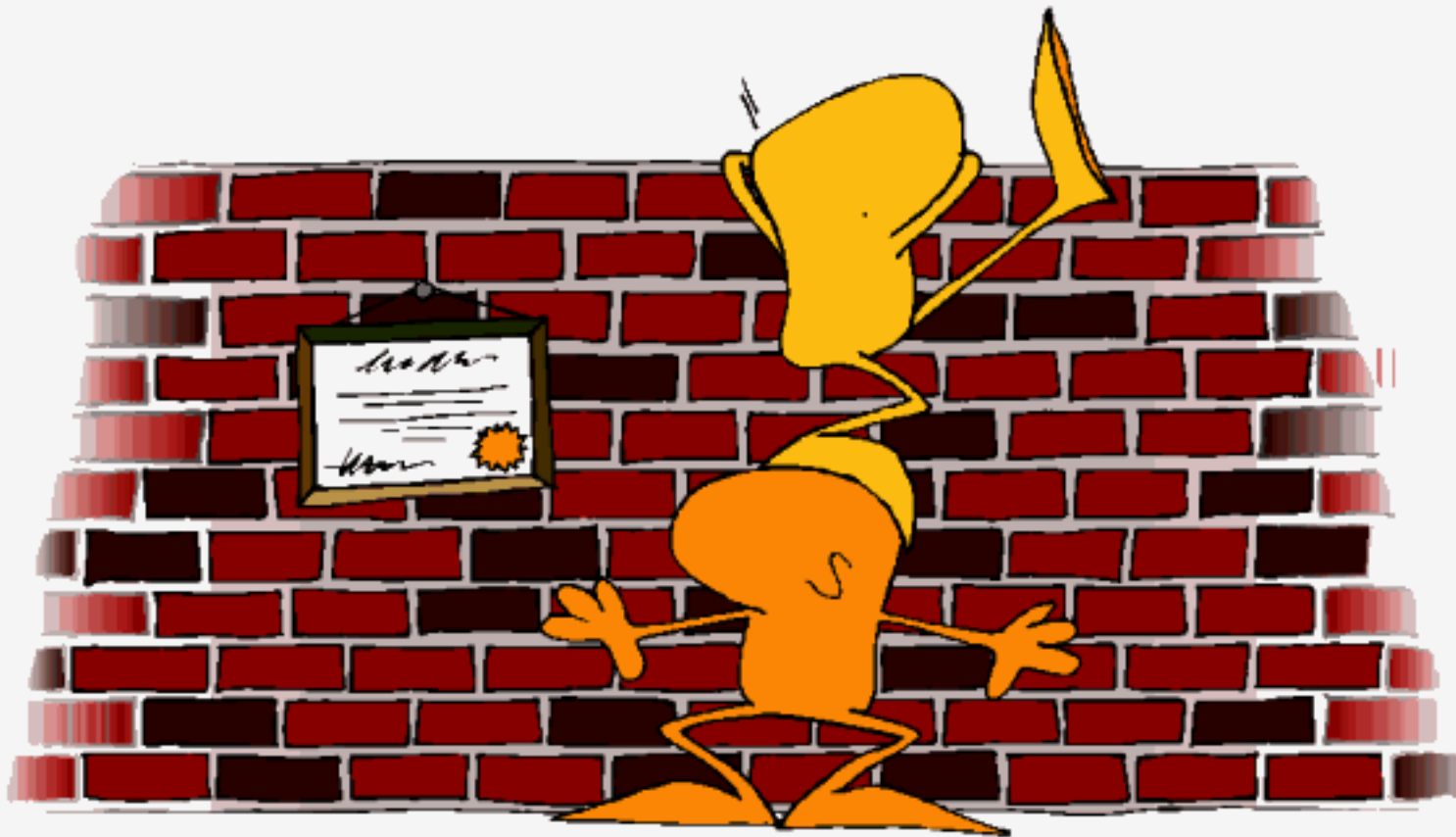
A New Partner

Many business owners realize that taking in a partner can provide some solutions. Someone to discuss things with. Someone to take over the business eventually.



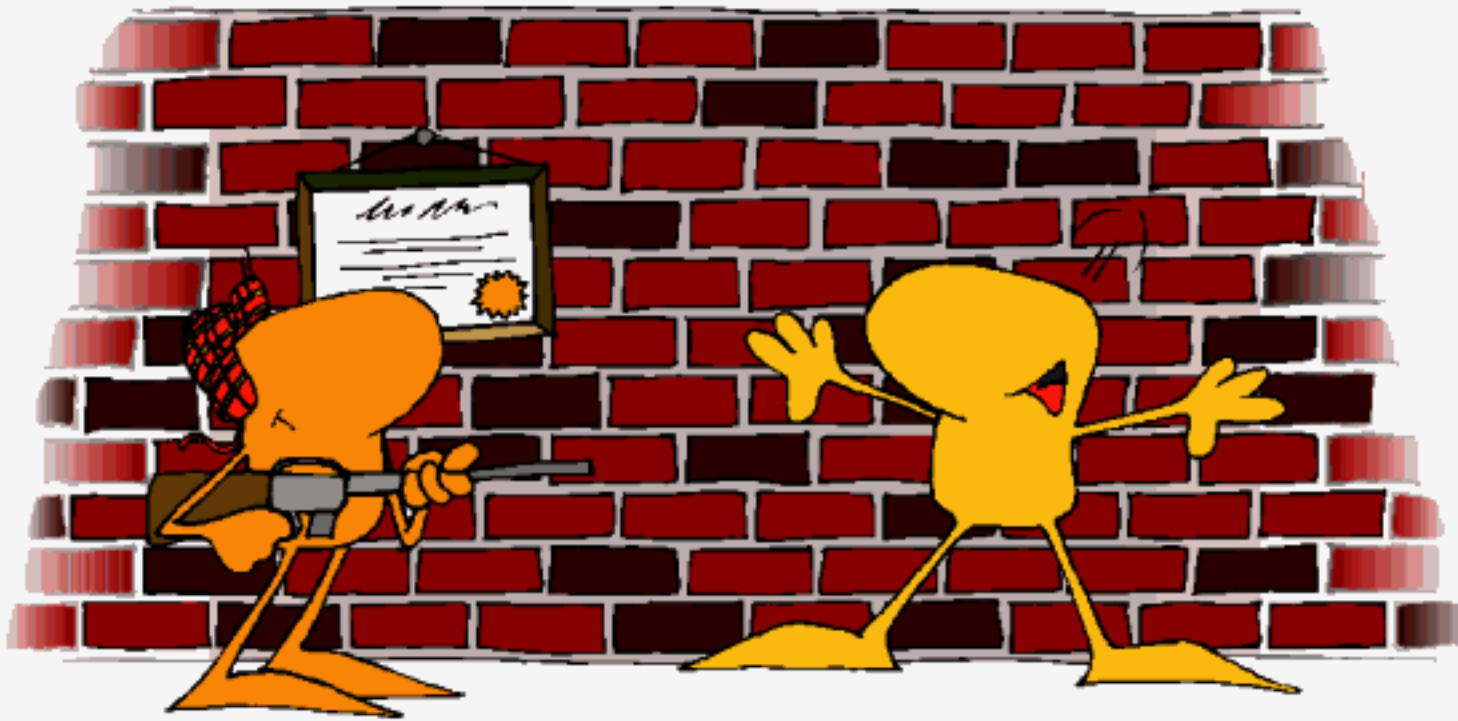
Thanks For The Lift

But most of all, someone to help
the founder of the business to get
out when the time comes.



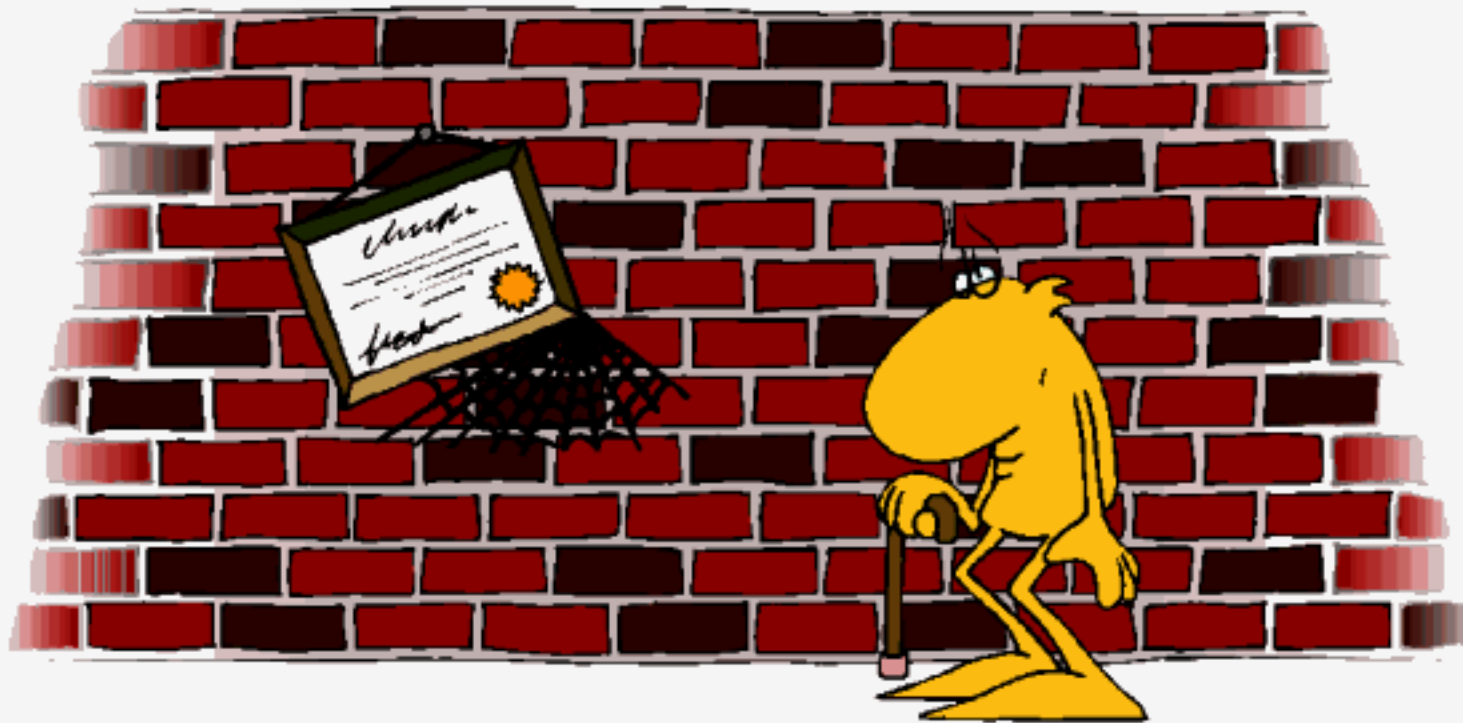
Shotgun

"Shotgun" clauses in shareholder agreements provide a method for one owner to sell to another. They can be unreliable, and it is difficult to predict which owner will leave.



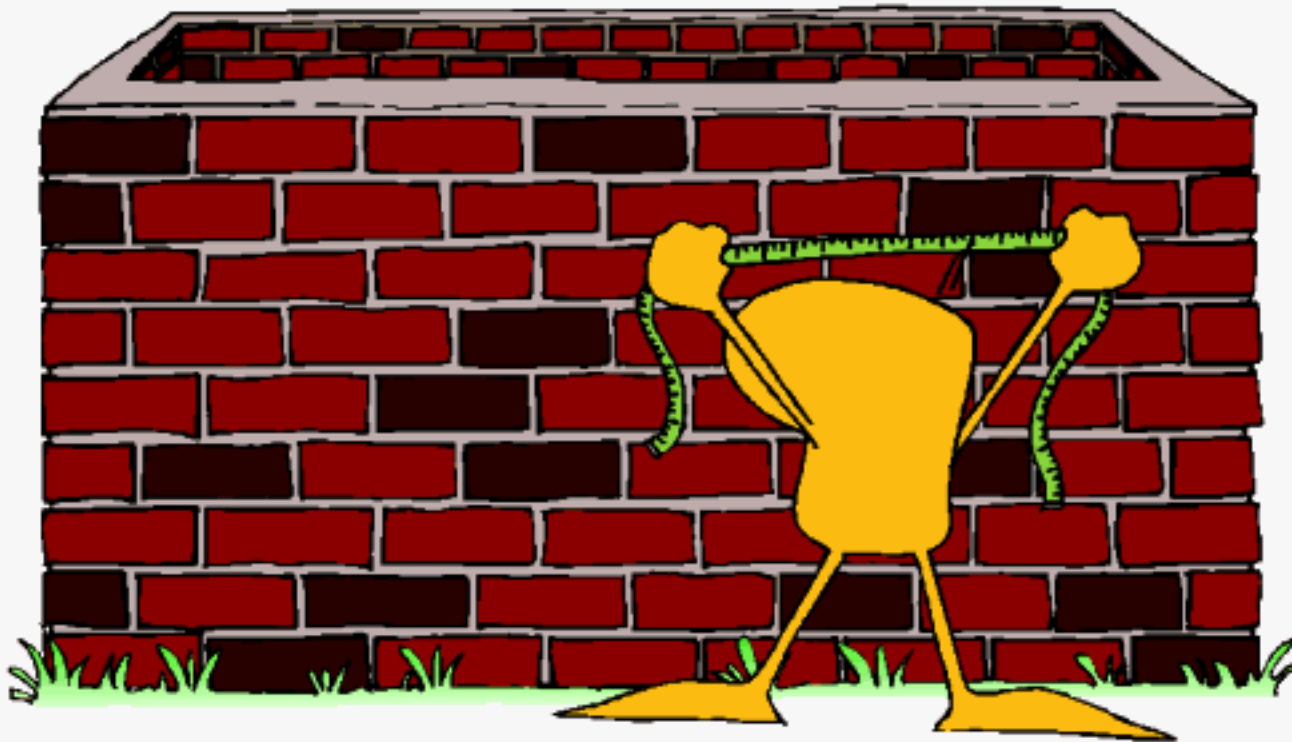
Old Age

All too often, the founder of a business remains as the sole owner well into the retirement years. Not because that was the objective, but because no other alternatives came along.



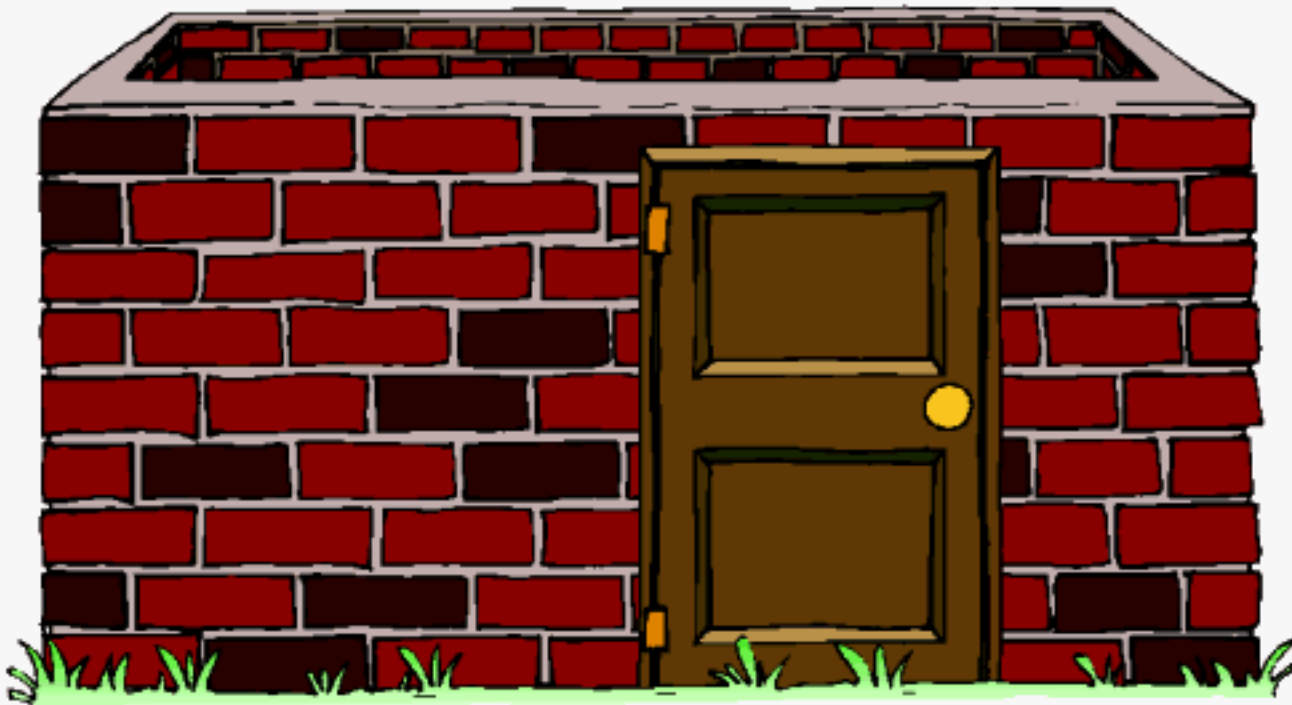
Plan Ahead

The answer is to start the planning process early. The plan does not have to be complex. It just has to address the basic issue - how will the owner eventually be able to leave?



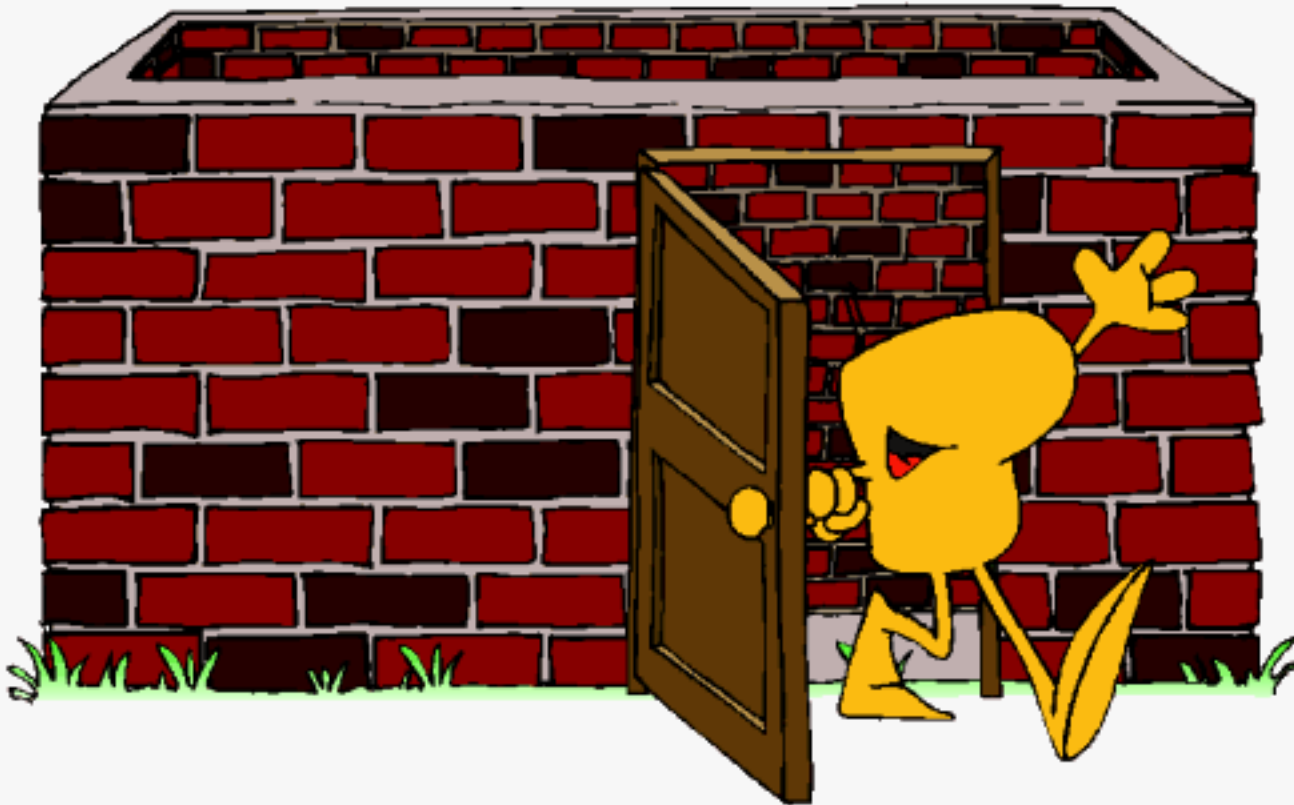
Way Out

If, as the business progresses, its design can include a simple way out for the owner, which also acts as a way in for a new owner, then the planning process is already underway.



The Escape

When the time is right, the owner can walk away, secure in the knowledge that the business will continue and prosper...



Planned Succession

...and that the new owner has made a good purchase at a fair price.

