

Creating your small business exit strategy

Do you know what will happen to your business when you retire? By necessity, many busy small business owners spend all of their time thinking about the here and now, with little opportunity to focus on the future. But your company's long-term survival--and your own retirement security---may depend on establishing a realistic and workable exit strategy. **Peter Deng & Associates**, a leading tax, accounting, and business consulting firm in twin cities to serve minority businesses, with years of experience working with small companies, provides tips on how to lay the proper groundwork. You'll have to begin by asking yourself some tough questions and supplying answers that are as specific as possible.

Set a retirement date

Here's your first question: When do you plan to quit working? You may have a general idea of the age range when you'd like to retire, but now's the time to set a precise date. That gives you a timeline to work with, which will make all your other planning easier.

Consider your options

The next essential question: Whom do you expect will take over your business? Many companies make one of two choices: either someone buys the company from you or a family member or employee takes over as chief executive when you retire. It's important to consider which one is the most realistic option so that you can ensure a smooth transition down the road. Depending on your plans, there are different steps you should take now to ensure a smooth transition.

If you plan to sell

If you are going to sell your company to another business or individual, you will need an accurate idea of what it is worth. You should get a business appraisal when you are ready to sell, but it may be a good idea to get one now, even if there are many years until your planned retirement. An appraisal can help to spot your company's strengths and weaknesses, so you can analyze how those attributes impact its overall worth. The information in the appraisal can be used to make changes that improve operations, sales and revenues, and make you a more competitive player in the marketplace. Those steps will help increase your company's value and its appeal to potential buyers at the time you decide to sell. You can get an appraisal from a CPA with expertise in business valuation or from another qualified appraiser.

If you plan to promote from within

It's always a good idea to have a current idea of your company's worth, but there also are other necessary factors to consider if you are hoping that someone within your company will one day take over the reins of leadership. The first question, of course, is who that person will be. Is there a very talented younger employee whom you believe could one day take over? If so, begin grooming him or her now. This includes introducing the employee to key clients, increasing his or her level of responsibility and including the person in decision making whenever possible. Even if

you expect to sell your business, it's a good idea to have a promising future leader ready to take over the reins. In most cases, a potential buyer will be happy to see that there is someone in place to carry on.

Questions your CPA can answer

There are many possible exit strategies available to small business owners. No matter which you choose, it will be a good idea to have an accurate sense of the company's worth and to have a strong management team in place. **Peter Deng & Associates** can provide the solutions you need for these and other business issues. Please contact us for help addressing exit strategy concerns or any other challenges facing your business.