

Your exit strategy checklist

This checklist is to be used as a starting point in planning for your exit strategy.

Please note that it is generic in nature, and is not tailored to any particular business or industry. It should not be taken as an all-encompassing document, and must be used with care.

1. Your personal position and goals

What are your medium-to-long-term personal and financial goals?

What are your current and future requirements for income?

What assets and liabilities do you have outside the business?

Is the balance between your personal and business assets appropriate?

Are your assets enough for your circumstances and to achieve your goals?

Do you have an estate plan, including wills, powers of attorney and the like?

Have you discussed business succession issues with your spouse, family or professional adviser? If so, were those discussions useful and did they play out as you had expected?

2. Succession options

Do you have a written business succession plan? If so, when was the plan last reviewed and updated?

Does your health have any bearing on your succession plans?

What is your ideal time frame for ownership succession?

How do you see your management role evolving over that period?

Is transferring your business to family members an option? If so, what roles will they take and do they require additional skills/training/experience? Has any of this been discussed with them or other family members?

Are you aware of any competitors who may be interested in acquiring the business? If so, what might be the impediments to selling your business to them?

Is your business of a sufficient size and profile to consider an IPO?

Do you have any other potential exit strategies in mind?

What are the key upsides and downsides of your potential exit strategies?

3. Preparing your business for succession

Have you conducted a review of all key aspects of the business, including:

- Historical financial information? Yes/No
- Key customer agreements? Yes/No
- Key supplier agreements? Yes/No
- Regulatory and legal compliance? Yes/No
- Real property leases/freeholds/environmental issues? Yes/No
- Financing arrangements? Yes/No
- Employment agreements with senior staff? Yes/No
- Stock and inventory? Yes/No
- Plant and equipment? Yes/No
- Working capital management? Yes/No
- Taxation compliance? Yes/No
- Claims and litigation? Yes/No
- IT systems? Yes/No
- Other workflow management systems and procedures? Yes/No
- Human resources capability, policies, systems and procedures? Yes/No
- SWOT analysis (strengths, weaknesses, opportunities and threats)? Yes/No

Have you put in place a plan to address the findings of that review? If so, what is the time frame for that plan and who within the business has the responsibility for delivering on the plan?

If not, how will you make the time and allocate appropriate resources?

If the business has more than one owner, do you have an up-to-date shareholders agreement (or similar agreement) that contains clear succession/exit mechanisms? If not, what mechanisms would be appropriate for your business?

Have you considered taking out ownership protection insurance, key person insurance, and / or income protection insurance?

Have you started preparing or mentoring your potential management successor? If not, what steps need to be taken?

Do you have a written business strategy document? Do you update this document regularly? What are the key aspects of your strategy?

Have you discussed business succession with your accountant, financial planner, lawyer or other adviser?

4. Your action points

Bearing in mind all of the above, what are your action points for:

The next week?

The next month?

The next six months?

The next year?
