

Succession Planning and the Entrepreneurial Exit

for the Maine State Chamber of Commerce
April 8, 2021
11 am



What type of business are you in?

Sole proprietorship, Partnership/LLC, Corporation, non -profit

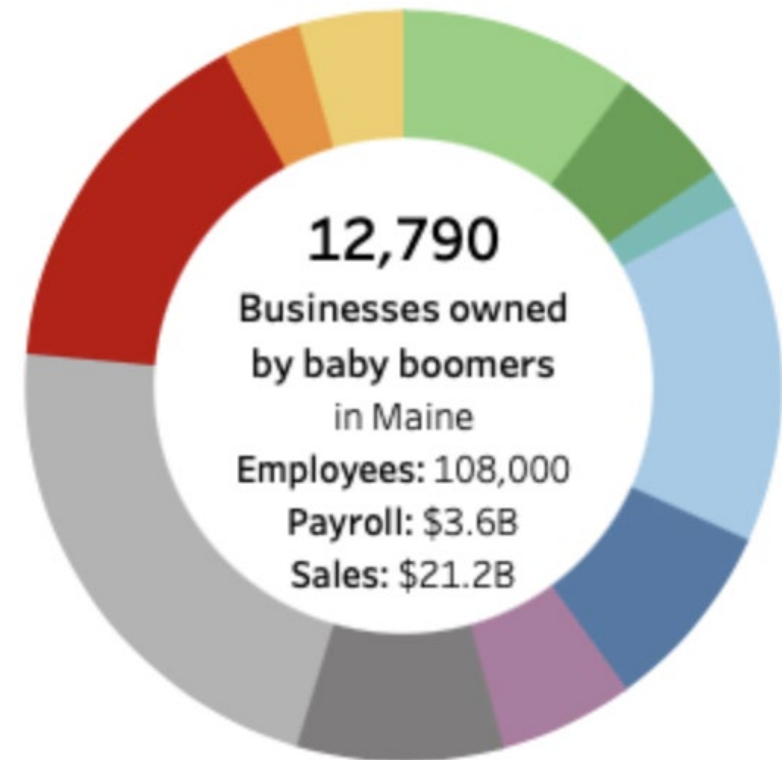
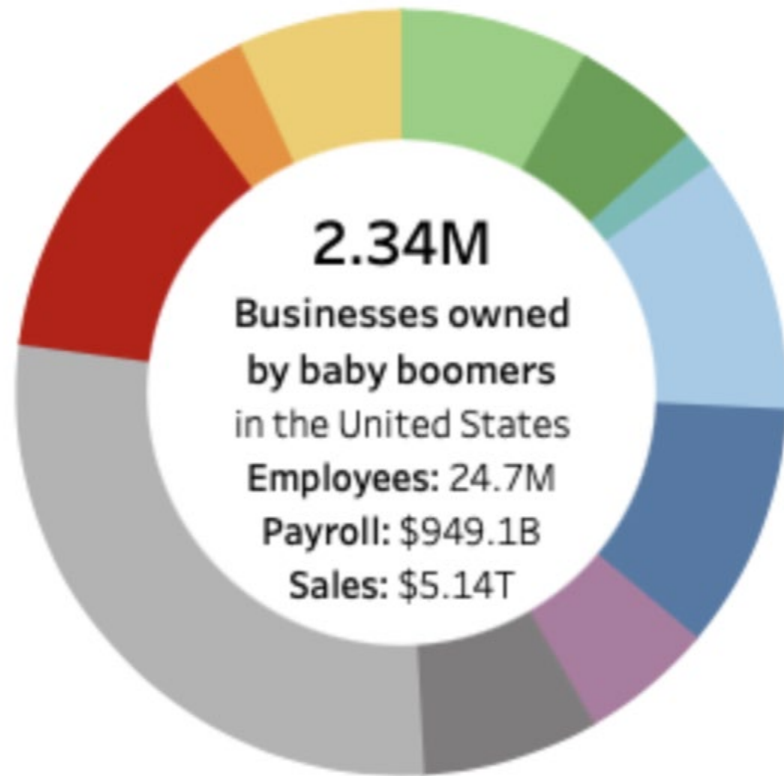
How many employees do you have?

0, 1-10, 11-20, 21-50, 50+

What generation do you belong to?

Greatest Generation, Baby Boomer, Gen X, Gen Y,
Millennial, Gen Z

Baby Boomer Owned Businesses



Poll

Nationally, what % of business owners have started planning their exit strategy?

80%, 60%, 40%, 20%

Timeline for exit?

0-2 years, 3-5 years, 6-10 years, 11+

Do you have a plan in place now?

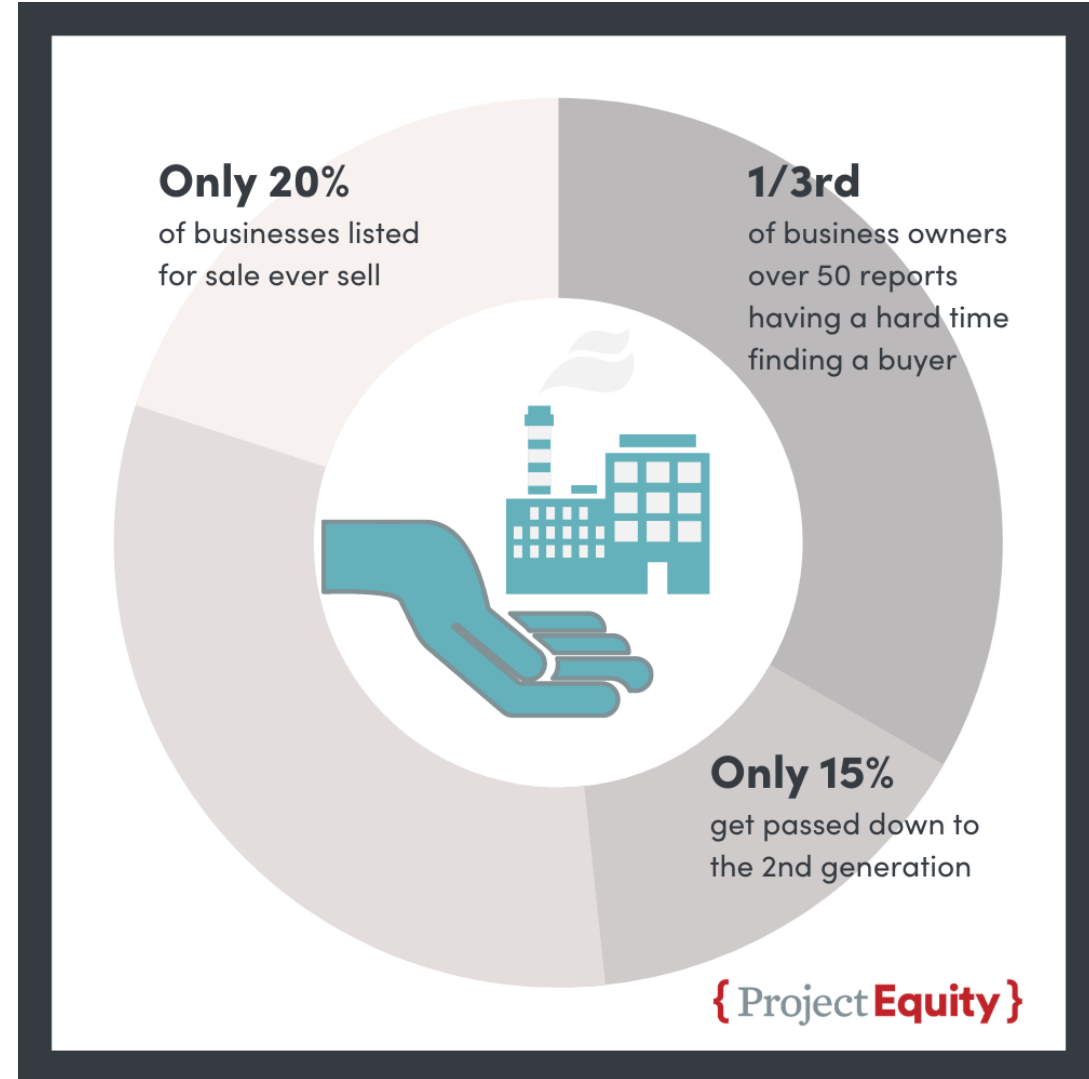
Yes / No

What are the Issues with Exits?

- **41%** of owners report having ALL their wealth tied to the business
- **58%** of owners have never thought about succession
- **80%** of owners have not taken the first step to plan for succession

Planning for exits is critical!

- Company Value Impact
- Socio-Emotional Impact
- Financial Independence
- Employee Impact



What is your exit plan?

I don't have one, Closure, Sell externally, Sell to family,
Sell to employees (e.g., general manager)

Where are you in the exit planning process?

We are executing on it now, I'm seeking external advice,
I have begun considering it, I'm in denial

Types of exit

- Close (suboptimal)
- Sell externally (e.g., Biz Buy Sell, Business broker)
- Find an “insider” (e.g., ESOP, family member, general manager)

Entrepreneurial Exits are a process. You view the organization as **a stream** and prepare for it to continue flowing into the next phase, around the bend.



Poll

How many people within your organization do you think of as potential successors to run your company?

0, 1, 2, 3+

To what extent have you transparently discussed your exit strategy with the people in your organization?

Not at all, To a limited extent, Often and extensively

This is change management process 101 – *START NOW*

- Communicate, carefully and transparently, to achieve buy-in
- Describe pathway(s) to change and see the path for the organization, long-term
- Honor the legacy of the owner/founder/leader as it changes

Ideally, identify a successor early and bring them into the process early

- Reduces the impact on the business, employees, community
 - Need to do this over time
 - Do the time up-front
- OR*
- Stay on with the company after-the-sale

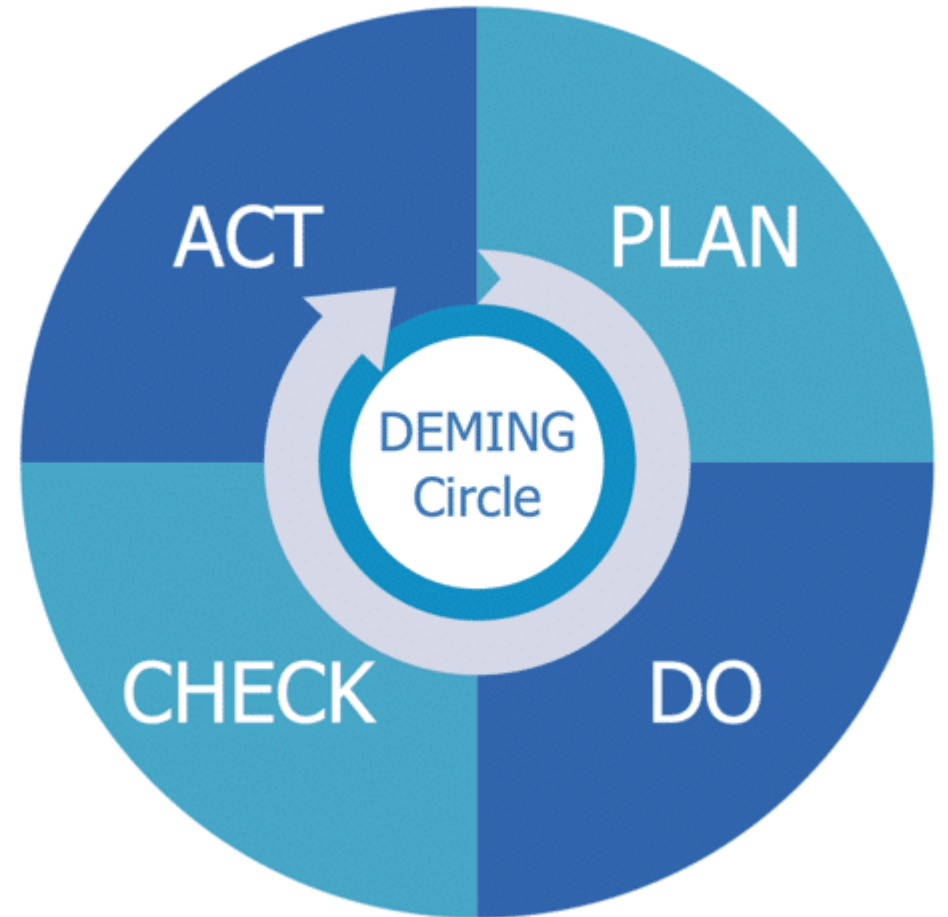


Build systems at the level of the business to allow it to run without you!

- Operational
- Sales/marketing
- Finance
- Management processes
- (Workforce Partners get 12% off)

Consider the Valuation of the Firm NOW and then work to maximize that value

- Going from intent to sell to **MAXIMIZING** the sale of a small business typically takes 3-5 years



You Need Support!

Personal Assistance

- Business valuation expert - how and why
- CPA
- Lawyer

Moderators/Mediators to Guide Emotional Conversations

- Change is difficult
- Socio-emotional stakes can be high

Business Assistance

- Maine Business School & UMaineWAI
- Advisory board/ BoD
- SBDC, SCORE



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Poll

To what extent would you be interested in additional workshops/seminars on this topic?

Very interested, Somewhat interested, A little interested, Not interested

Questions or Comments?

