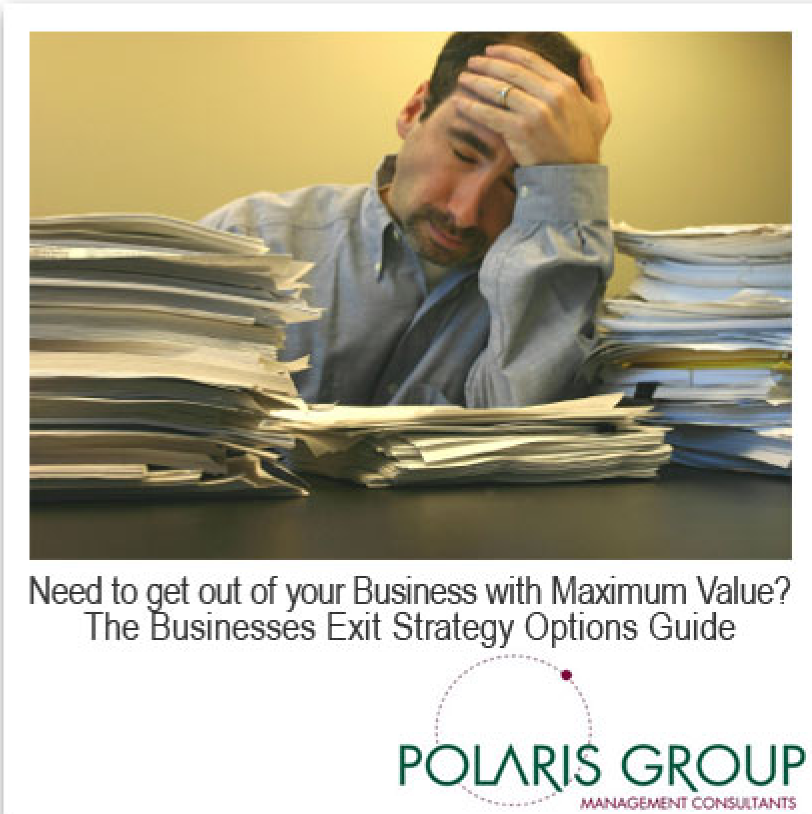

Planning for the exit from a business can be as difficult as starting a business and factors to be considered may depend on how complex the business is and the circumstances leading to the decision to exit.

As management plans for an orderly transition to new ownership it is important to take the time to explore options so that the greatest potential return is achieved for the business. In the case where management and ownership is dominated by a single individual it is important to maintain a high degree of confidentiality with the process so that employees do not become insecure and unsure of the stability of the business and their jobs.

Development of the exit plan can have several components including:

- confirming the business' strategic vision
- creating the optimal scenario for the owner to leave the business
- exploring the field of potential buyers
- determining the value of the company
- determining tax implications from the sale

There may be several options to complete an exit strategy once a plan has been developed and the following outline will present some of the options that may be considered.

1. Management Buyout

An MBO involves the management team or some key employee group pooling resources to acquire all or part of the business. An option to this would be a Leveraged Management Buyout (LMBO) where the buyers use company assets as collateral to secure financing.

2. Sale to outside interests

Selling the business to outside interests is a very common exit strategy because it is more definitive and involves fewer variables than other options such as a MBO or family succession. Because the business is sold to an outsider it is important to get a strong indication of confidence from the buyer. The owner selling the business may determine that the price received for the business could be more or less than the appraised market value. Many business owners overestimate the value of the business and a surprising number may underestimate the value.

3. Potential optional buyers

There may be opportunities to pursue sale of the company to other organizations either currently in same or other related businesses.

If this approach is undertaken it may require that current ownership retains a role in the management of the business for a period of several years in order to effectively integrate new owners to the business operations and to the customer base.

4. Integrate new management personnel

Integrate new management personnel into the business with a goal to allow that person to buy shares and ultimately assume ownership. This is a longer term process that could take up to five years to complete and also assumes that current ownership undertakes to finance the transition to the new owner.

Within the book each of these topics are covered in detail. I trust you will want to purchase a copy for your planning.