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Preparing for an Exit
A Financial Planning Guide for Business Owners

For founders, MDs and business owners who know an exit is somewhere on the horizon and want to shape how it goes rather than be shaped by it.

The price gets negotiated at the end.
The outcome is shaped long before.

Where it really begins

Most business owners we talk to aren't planning to sell tomorrow. An exit is somewhere out there, a few years off and maybe not fully decided yet, which is reasonable. The business needs running today, and a sale that might happen in five years is easy to leave for later.

The trouble is a pattern we see again and again. By the time an exit reaches the top of the list, a lot of what could have shaped the outcome has already been decided. Not by you exactly, just by default, through years of choices made for other reasons.

An exit isn't really a moment at the end; it's a runway, and you're already on it whether you're thinking about it that way or not. The room you have to shape things is at its widest now and narrows the closer you get, which is exactly why the choices that matter most are the easiest ones to keep putting off.

> *This guide walks you through that runway, from years out to the deal itself. You're not meant to reach the end with every answer worked out. The aim is to leave with a clear read on where you are, and a short list of what's worth looking at now rather than later.*

1 Stage one: years out, the widest runway

This stage tends to get used the least, but it's where you have time to make the most meaningful decisions. Years ahead of any sale, there are some important personal finance questions worth asking, while there's still plenty of time to do something about the answers:

1. "What does financial freedom look like for me?"

Whether you want to retire completely, reduce your involvement, help your family or pursue something new, understanding what you want your life after the business to look like is the starting point.

2. “How much of my wealth sits outside the company?”

Building personal wealth alongside the business can give you greater flexibility when the time comes to step away, rather than relying entirely on a future sale.

3. "What do I actually need from an exit?"

Understanding the level of income, capital or other resources you may need can help you work backwards and assess whether you're on track to achieve the life you want.

You don't need to have all the answers yet. The value of this stage is simply identifying what you don't know, and giving yourself enough time to do something about it. The further away an exit is, the more options you have. The closer it gets, the more important it becomes to make sure the financial foundations are already in place.

This is also the point where it can be useful to start a conversation with the professionals around you. Your financial planner, accountant and solicitor may each have a different role to play, but bringing those conversations together early can help ensure your personal and business plans aren't working in isolation.

2 Stage two: the run-up, the runway narrowing

When a sale starts to feel more foreseeable, it's time to put some numbers around the plans you've been building towards.

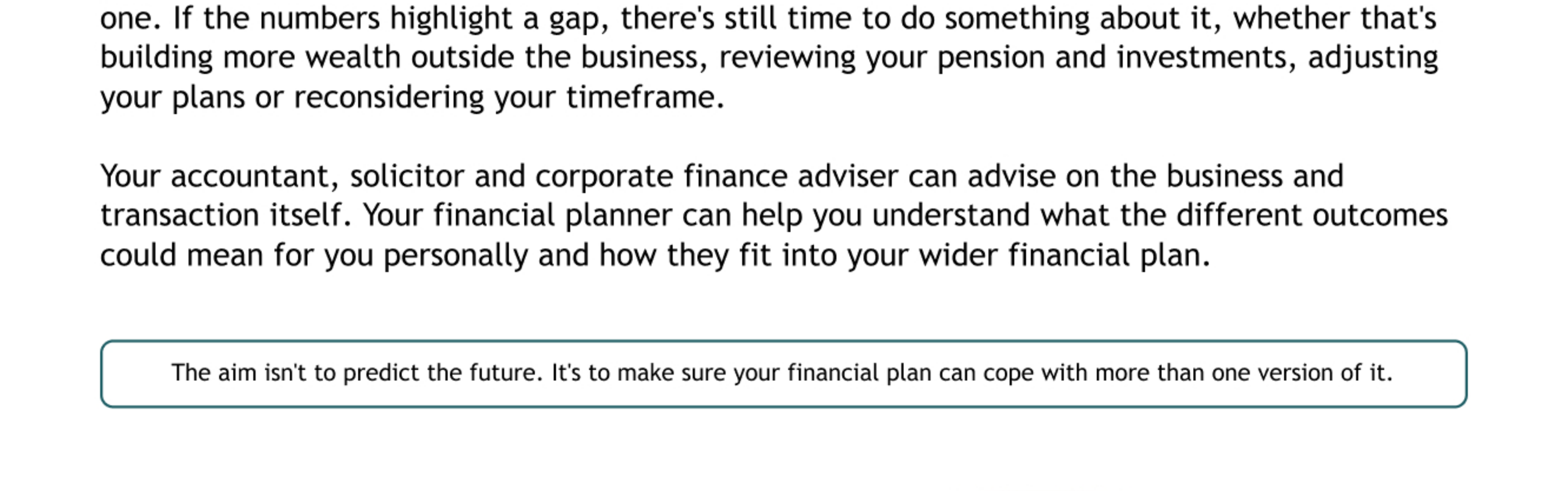
It's the point where a rough idea of what the business might be worth becomes useful, though the figure that really matters isn't the headline one. It's what you'd actually keep once tax and fees come out, and whether that's enough to fund what comes next. This is where cash-flow planning can be beneficial. By bringing together your existing wealth, potential business proceeds, income needs and future goals, you can explore how different exit scenarios could affect your financial position over time.

> *An outright sale, a Management Buyout or an Employee Ownership Trust could each lead to a different outcome for you personally. The same is true if the business sells for less than expected, the proceeds are received over several years, or you decide to step away gradually rather than all at once.*

The purpose isn't to predict exactly what will happen. It's to understand what different possibilities could mean for your future, and whether your plans remain achievable under each one. If the numbers highlight a gap, there's still time to do something about it, whether that's building more wealth outside the business, reviewing your pension and investments, adjusting your plans or reconsidering your timeframe.

Your accountant, solicitor and corporate finance adviser can advise on the business and transaction itself. Your financial planner can help you understand what the different outcomes could mean for you personally and how they fit into your wider financial plan.

The aim isn't to predict the future. It's to make sure your financial plan can cope with more than one version of it.



3 Stage three: the transaction, the end of the runway

Once the transaction is underway, all of the planning starts to become real. For years, your wealth may have been tied closely to the business. An exit can change that very quickly. Suddenly, you may have a significant amount of capital to manage, alongside decisions about income, investment, tax, gifting and your wider family's future. This is where having a financial plan already in place can make the transition much easier. Rather than deciding what to do with the proceeds once they arrive, you can have a clear idea of how much you need for your lifestyle, what you want to keep invested, what you may want to give away and what you want to leave for the future.

> *An exit can be a major financial milestone, but it's not the end of your financial journey. Your circumstances may change significantly once you no longer have the business providing income or representing such a large proportion of your wealth. Your cash flow, investment strategy, tax position and estate planning may all need to be considered in light of your new circumstances.*

The planning you've done beforehand gives you a foundation. The next step is making sure your money continues to support what matters to you. The goal isn't simply to leave the business with as much as possible; it's to make sure what you leave with can support the life you wanted when you decided to leave in the first place.

You don't need to have your exit mapped out today. But the earlier you understand your personal financial position, the more choices you have when the time comes. Without a plan, the consequences tend to show up at an awkward moment. It might be an approach from a buyer that comes sooner than expected, or a change of circumstances that turns a distant plan into a live decision: a health scare, a market shift or a co-owner wanting out. Building personal wealth outside of the business can make the unexpected easier to navigate.

Where do you stand?

A short self-check. These aren't questions to answer on the spot, what's telling is how easily you can answer them at all.

- ☑ If you had to step away from the business in the next 12 months, would you be financially ready? Think beyond the value of the business. Consider your existing pensions, investments and other assets, alongside the income and capital you'd need to support your life.
- ☑ What do you want life after the business to look like, and roughly what would it take to support? A blank here usually means the sale is being planned before the point of it is.
- ☑ Do you really know what you'd walk away with after tax and fees, and would your plans still hold if it came to less, or later, than you hope? If you're not sure, the headline figure in your head may be doing more work than it should.

The questions you stalled on are the ones worth starting with.

Working with IFP

Our conversations with business owners rarely start with a deal on the table. They usually start earlier, with a sense that an exit is coming into view and a wish to be ready for it on your own terms rather than someone else's. Some of the people we work with are years from selling and just want to understand what's worth doing now. Others are closer and want to make sure nothing's being left to chance. Most are somewhere in between, doing well, with a nagging feeling they should probably be thinking about this properly by now.

Our job is to connect what the business is worth with the life you want it to support. In practice that can mean working out how much you might need, building up wealth outside the company, testing how different exit outcomes would actually play out, and planning how the proceeds could look after you and your family. We can also work alongside your accountant and solicitor, so the personal and commercial parts of your exit stay joined up rather than running on separate tracks.

Wherever you are on the runway, the conversation usually begins with the same questions. What have you built? What do you want it to do for you? And is the way things are set up today actually pointing towards that?

If any of this has got you thinking, we'd be happy to talk it through, where you stand today and what might be worth looking at now.

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