How to Successfully Exit Your Business

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1. Introduction
A PricewaterhouseCoopers study surveyed former business owners in the 12-mo period after the sale of their businesses. The survey showed that 75% of former business owners felt dissatisfied with the sale of their business. Why? The business owners reported they did not plan enough for the event, did not know enough about the process, felt like they sold for too little, felt like they paid too much in taxes, didn’t net enough after fees, and didn’t appreciate what retirement would actually be like after the sale.

2. Exit Planning
How can veterinarians avoid seller’s remorse? The answer is simple—with a well-defined formal written exit plan. This involves more than a business valuation and a buy/sell agreement. It is a comprehensive document and process that ensures owners maximize their business value, minimize their taxes, and attain their personal and financial objectives.

The consequences of not planning your exit include selling your practice at a discount because of a forced sale such as burnout, health concerns, divorce, etc.; selling your practice at a value less than its potential by not maximizing profit in the years immediately before the sale; paying too much in taxes; losing control over your exit process by reacting to your circumstances instead of proactively planning your exit; and failing to achieve your personal and financial goals with respect to retirement.

The benefits of having an exit plan include protecting and maximizing your practice value; minimizing your taxes; maintaining control over your business exit including how and when you exit; achieving your business and personal goals; and retiring with peace of mind knowing that you fully understood the exit process and took full advantage of all the strategic options available to you.

Exit planning involves a multidisciplinary team that might consist of financial advisors, estate planners, insurance professionals, chartered accountants, investment bankers, lawyers, business valuators, and exit planning advisors. Veterinarians should begin their exit plan a minimum of 3 yr in advance of their desired date of departure. The 3 yr will begin with the development of a formal exit plan and then implementation of the steps necessary to enhance the value of the practice and minimize taxes, followed by the sales process, and, finally, the actual transition.

It is never too early to start an exit plan. Venture capitalists have their exit plan defined when
they initially invest in a company. The sooner you plan, the greater your benefits.

3. Conclusion
Exiting your business is the most important event of your lifetime. Don’t leave it to chance and to circumstances. Take control of this event and ensure that you exit your practice on your terms.

Reference