

Small Business Owners Plan to Exit, but Aren't Exit Planning

2015 Small Business Owner Life Stage Study

Small business owners put their blood, sweat, tears and resources into building their businesses. But when it comes to figuring how to make a graceful exit from the business, most are unprepared. That's a key finding of a Securian-sponsored nationwide study of small business owners. The study focused on successful private businesses—averaging 27 employees with annual revenue ranging from \$250,000 to more than \$2 million—in a variety of enterprises.

The study found...

The vast majority of small business owners don't have a plan for exiting the business

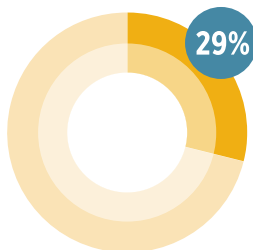


Have no exit plan

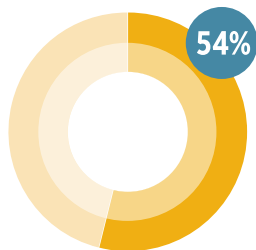
72 percent don't have a plan and aren't taking action. Only 14 percent have a formal exit strategy in place. Another 14 percent are working on a plan, but haven't completed it.

A majority will leave within a decade

The exit is not that far down the road for most small business owners: **29 percent** expect to leave the business within five years, and **54 percent** anticipate being gone within 10 years.



Exit within 5 years



Exit within 10 years

Selling or transferring the business is the most likely exit strategy

- **37 percent** want to transfer the business to a family member.
- **25 percent** want to sell to a partner or key employee.
- **25 percent** want to sell to a third party.
- **10 percent** expect to close or wind the business down.

Is exit planning necessary?

For most small business owners, the business is their largest asset. By not managing and planning for that asset, the owner risks leaving its fate to chance.

It's not unlikely that a business owner would have to leave the business before planning to. Health issues or a change in the business or economy often lead to sooner-than-anticipated retirements. There's also the risk of exposing the future of the business to the events no one wants to think about: death or disability.

Failing to develop an exit plan can leave the business, the family of the business owner, the businesses' partners and employees in a very difficult situation. Planning matters.

A financial advisor who understands business exit planning can be a key ally in helping business owners address this important issue.

Source: Securian Financial Group 2015 Small Business Owner Life Stage Study