

Ready to Retire, Need An Exit Plan?



Starting and owning your own small business is an exciting adventure. Building your business takes enormous effort and commitment. Once you get it up and running, it is incredibly rewarding to successfully manage your business and your clients year after year. In doing so, you have created something worthwhile and valuable.

However, one thing many independent court reporters don't consider is how to wind down or exit from their business. They work hard for many years, and one day they decide to retire or to do something else. The challenge is to do so smoothly while also realizing the value of what you have created. We have created this guide to help you think and plan for your exit from the independent court reporting business, so that it is as smooth and as painless as possible for you.



How To Exit Your Court Reporting Business

1 Think About Your Dream

The first thing you should do when you decide you want to leave the business is to consider what it will mean for you. How old will you be? Where will you live? Who will you be sharing your life with? Do you still want to work a limited schedule? Do you want to do something entirely different? Do you want to leave work behind and truly retire? The important part is to start thinking about it so you can plan effectively.

2 Don't Wait To Get Help

Successful business owners like yourself have learned when to ask for help. This transition point in your career is one of those times. You will want to have a financial planner and a lawyer. If you want to sell your business, you will want a business broker.

3 Take Stock of What Is Working for You.

The gap between where you are today and where you want to get to may be significant, but that shouldn't stop you from achieving it. Research all of your options, and

rely on your entrepreneurial skills to create the outcome you want to achieve. Start the process early enough so you will be able to make these changes deliberately. If you have less time on your hands, you may need to make some compromises, but your experience as a business owner should help you get to where you want to be.

4 Start the Process – NOW

Most small business owners, regardless of where they are in the exit planning/retirement process, feel like they have a long way to go before they can sell or retire. The solution to speeding up the process and giving yourself peace of mind is simple: Start now! Start by being proactive about research, finding professionals, and identifying necessary changes to your business. Taking action, even if it is just small steps, will give you a sense of momentum and control and reduce any feelings you may have of being overwhelmed.



Ways To Value Your Business

- **Asset Valuations:** Calculates the value of all of the assets of a business and arrives at the appropriate price
- **Liquidation Value:** Determines the value of the company's assets if it were forced to sell all of them in a short period of time (usually less than 12 months)
- **Income Capitalization:** Future income is calculated based upon historical data and a variety of assumptions
- **Income Multiple:** The net income (profit/owner's benefit/seller's cash flow) of a business is subject to a certain multiple to arrive at a selling price
- **Rules Of Thumb:** The selling price of other "like" businesses is used as a multiple of cash flow or a percentage of revenue

Things To Remember When You Negotiate

- Negotiate in this order: needs, terms, price
- Remember - Terms drive the deal
- Do your negotiating before the Letter of Intent is issued
- Don't play hardball or say things are "non-negotiable"
- Let the buyer make the first real price offer
- Do what you can to keep "deal momentum" going
- Don't sweat the small stuff
- Only negotiate with someone who can make the final decision
- Know your "walk away" price and terms
- Keep some say in drafting the purchase agreement

Useful Websites

- **U.S. Small Business Administration** (sba.gov/category/navigation-structure/starting-managing-business/managingbusiness/getting-out) Exit planning and selling your business.
- **Entrepreneur Magazine** (entrepreneur.com/grow/sellyourbusiness/index.html) Good information, links and articles when selling your business
- **Forbes Magazine** (news.yahoo.com/selling-business-taxes-key-132732634.html) Selling Your Business? Taxes Are Key
- **Business Book Press** (businessbookpress.com) Free articles, broker locator, and books to order
- **The Business Buyer Resource Center** (diomo.com/articles.html) Excellent articles and other valuable information
- **Nolo** (nolo.com/legal-encyclopedia/buy-sell-business) Articles on Buying or Selling a Business from Nolo, the legal encyclopedia
- **Fast Business Valuations** (fastbusinessvaluations.com/business-valuation-articles.html) Small business valuation articles and other valuation resources