
Overview

This unit is important as at some point you will leave your business and need to prepare to handover to someone else. Whether through retirement, sale of your business, passing it on to a family member, floating or merging your business it is important to plan your exit well in advance so you can move on when you are ready with the least disruption. By incorporating an exit strategy in your business plans it demonstrates to others that you are thinking strategically for the long-term as well as strengthening your business. Whatever your reason it is important that you plan your exit carefully to make sure that your departure leaves your business in the best possible position.

You might need to do this if you are:

1. developing a business plan
2. developing an exit strategy
3. reviewing your current business plan or exit strategy

This unit involves planning your exit strategy:

1. deciding how and when you want to exit your business
2. taking advice on the exit options
3. checking the feasibility of your plan by involving others

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Plan your exit strategy

Performance criteria

You must be able to:

- P1 make sure that you have set goals and objectives of your business well in advance
- P2 investigate and assess the different exit options
- P3 plan for your preferred strategy, while considering what may happen if the situation changes and you are compelled to take a different route
- P4 take advice on the implications of your preferred exit options
- P5 decide who needs to be involved in the planning process
- P6 consult with relevant people on the implications of your plans
- P7 build the exit strategy into your business plan
- P8 be aware of the value of your business, how the value will change over time and the factors that affect it
- P9 keep your business in good shape by making sure finance administration is up to date and that you are complying with all relevant laws and regulations that effect your business
- P10 review your exit strategy regularly

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Plan your exit strategy

Knowledge and understanding

You need to know and understand:

Aims and objectives

- K1 how to set the aims and objectives of your business
- K2 how the aims and objectives can influence your exit strategy (for example are you growing your business to eventually sell on for maximum profit)

Information and advice

- K3 where to find professional advice on planning your exit strategy (for example business adviser, accountant or lawyer)

Business focus

- K4 what the value of your business is
- K5 what factors affect the value of your business (for example capital assets, customer loyalty or goodwill, strength of order book, potential for growth and profitability)
- K6 how to keep your business administration in good order (for example keeping finances up to date and ensuring compliance with laws and regulations)

Exit strategy

- K7 what the different exit options are (for example selling, family succession, closing, floating your business or a merger)
- K8 how to plan an exit strategy, including contingency plans if things change
- K9 who needs to be consulted with when developing the plan (for example family members, employees or investors)
- K10 how your proposed exit strategy will affect the way you run your business
- K11 how and when to review your exit strategy

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Plan your exit strategy

Additional Information

Links to other NOS

1. EE1 Achieve the goals for your business
2. BD3 Plan where your business is going
3. BD4 Carry out a review of your business
4. BD5 Carry out the plans for your business
5. BD6 Make changes to improve your business
6. YS1 Explore your own business motives
7. BI1 Create the infrastructure your business needs

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