

Overview

This standard is for entrepreneurs who need to plan their business exit strategy. It is important as at some point you will leave your business or will decide to hand it over to someone else. Whether through closure, 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. Incorporating an exit strategy into your business plans demonstrates that you are thinking strategically for the long-term, as well as strengthening your business. Whatever your reason, you need to plan your exit carefully to make sure that your departure leaves your business in the best possible position. It involves deciding how and when you want to exit your business, taking advice on the exit options and checking the feasibility of your plan.

You might need to do this if you are:

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

Performance criteria

You must be able to:

1. estimate the timeline for your business closure, sale or handover
2. consult with relevant professionals on the variety of exit options and implications on your plans
3. develop your business succession strategy and contingency planning
4. align the exit strategy with your business plan
5. identify who needs to be involved in the planning or succession process
6. ensure your business finance and administration are up to date
7. develop a guide for your business processes and procedures
8. identify potential buyers for your business
9. establish the value of your business
10. estimate how the value may change over time and the factors affecting it
11. assess the strengths and weaknesses of your business
12. assess what may happen if the situation changes and you are compelled to take a different exit route
13. comply with all relevant laws and regulations that effect your business
14. review your exit strategy on a regular basis and make relevant amendments

Knowledge and understanding

You need to know and understand:

Business focus

1. how to set the aims and objectives of your business
2. how the aims and objectives can influence your exit strategy
3. the strengths and weaknesses of your business
4. the value of your business
5. the factors affecting the value of your business
6. how to keep your business administration and finances up to date
7. the relevant laws and regulations

Exit strategy

8. the variety of exit options, including selling, succession, closing, floating your business or a merger
9. how to plan an exit strategy, including contingency planning if circumstances change
10. who needs to be consulted with when developing the exit strategy
11. how your proposed exit strategy will affect the way you run your business
12. how and when to review your exit strategy
13. where to find professional advice on planning your business handover or exit strategy

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