

## Why Maintaining Planning Momentum is Important

Planning for major events can sometimes cause a sense of dread simply because the process takes time and focus away from “more important stuff.” Whether it’s planning a honeymoon, a long family trip, or a business exit, it’s easy to say, “I’ll do it later, when I’m less busy.” While planning a business exit should never be a full-time endeavor, there are several reasons why you should keep your planning momentum going, instead of planning in fits and starts.

### Why It’s Important to Create Planning Momentum Now

On the surface, it might make sense for you to wait until you are ready to exit to start planning for it. But you might take for granted how indispensable you are to your business’ success. In other words, if you were ever to leave the business, the business might be worth less, if not worthless. For example, a business that is primarily reliant on its owner and her industry relationships for maintaining cash flow might be worth \$10 million when the owner is present but only \$5 million when the owner is not present, reflecting the extent to which she is tied to key customers. Making the business less reliant on you can do two things:

1. Make the business more valuable to whomever intends to purchase your ownership, since they’re buying a stable business rather than your presence.
2. Protect the business’ value (and by extension, your family and employees) if something happens to you before you exit.



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The Baldwin & Clarke Companies have served New England entrepreneurs for over 45 years. Services include business valuation and consulting, M&A, executive benefit, wealth transfer and business continuity planning, investment management and retirement plan design and consulting. Our membership in BEI’s Network of Exit Planning Professionals provides access to The BEI Seven Step Exit Planning Process which has enabled thousands of business owners to develop and execute successful exit strategies.

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Experience shows that once business owners are ready to exit, they tend to have less motivation to do the things that prepare the business for their exits (e.g., finding next-level management, improving company cash flow). This implies that creating and maintaining planning momentum early and throughout can be the difference between exiting on your terms and exiting on someone else's terms.

### **Planning Momentum Can Speed Up the Process**

Typically, it takes 5–10 years to properly plan for, implement, and see the results of planning for a business exit. This assumes that you and your Advisor Team consistently work on, work through, and update planning. Failing to keep the momentum going can stretch that timeline even longer. Sometimes, it can mean that the planning never gets done at all.

Think about the last big project you did. When you had no interruptions and could focus on the task at hand, you managed to get the project done more quickly. Once distractions began to appear, it took time away from the bigger project. When you went back to it, you likely had to reacquaint yourself with what you were doing in the first place, which took even more time away from you.

Though consistent planning can't eliminate all distractions, it can speed up the planning process. Because the Exit Planning Advisor and Advisor Team do most of the planning work—based on your goals, needs, and wants—keeping your planning momentum going can get you through the process more quickly. Proper planning usually results in fewer responsibilities—and thus, fewer distractions—for you, since one goal of planning is to position the business to thrive without you.

### **Planning Momentum Removes Inertia**

It can be much more difficult for you to create and implement a successful Exit Plan if you constantly start and stop every month or more. Without consistent planning flow, you and your Advisor Team are likely to become frustrated and apathetic, which can torpedo your efforts to create and implement your Exit Plan.

Consistently progressing through your planning process—even in small, incremental steps—is much more likely to produce the results you expect because ideas and solutions stay fresh. Progress tends to build on itself, which can make it easier to solve bigger problems or achieve bigger goals. For instance, if your business needs a next-level

management team to increase its value, you're more likely to find and hire the right talent if you're constantly looking for one, rather than only looking when it's convenient. If you only do planning when it feels urgent, you might miss out on opportunities to positively affect your company's value, add a competitive advantage, or find a suitable buyer for your business.

### **Planning Momentum Lowers Costs**

It's no secret that good Exit Planning Advisors and Advisor Teams cost money. The upshot is that those advisors are motivated to be as efficient as you reasonably demand. By maintaining momentum, you can minimize the amount you pay your advisors while maximizing the return. Top advisors typically want to do high-quality work, but they work with many clients. They'll admit that they need to refresh their memory, revisit issues, or make updates for changes in laws, regulations, or markets. This step backward in order to make the right next step forward can turn into additional fees for you.

Maintaining planning momentum can be a challenge when considering your daily obligations, but it's a surmountable challenge. If you'd like to discuss strategies that can maintain your planning momentum or how to get back into the swing of planning, please contact us today.

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