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FINANCIAL SYNERGY

FREE E-BOOK

How to Plan Your Exit

Build It, Design It, Fund Your Future

A plain-English guide for business owners: what your business is worth, how to make it sellable, and how to keep more of the money when you sell.

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BEFORE YOU START

Welcome

The only certainty is that one day you will leave your business. This book helps you decide when, how, and with how much money.

This book is written to give you a clear, broad understanding of what's involved in exiting your business, from the first decisions to life after the sale. It won't turn you into a tax expert or a corporate lawyer. It will help you ask the right questions, spot the risks early and know when to bring in specialist help.

Most owners spend 20 years building a company and 20 minutes thinking about how to leave it. The saddest thing is when life makes the decision for them. A health scare, a partner falls out, a buyer turns up out of the blue. Those who planned to walk away do, satisfied with more money, less tax and no regrets. Those who didn't often walk away with very little.

The good news is that everything that makes a business easy to sell is also good practice, and makes it easier and more enjoyable to run. So even if you're not ready to sell, doing the work in this book will pay you back handsomely.

This matters more now than ever. Around one in three UK SME owners is now over 55: an estimated 1.3 to 1.5 million businesses owned by people approaching retirement age. Yet nearly a quarter of them have no succession or retirement plan. As the Baby Boomer generation steps back, more businesses will come to market at the same time, and the well-prepared ones will stand out.

How this book works

The book is in three parts, and each one builds on the last.

1. **Design it.** Work out what you want: from the business, from the sale and from life afterwards. Know your number.
2. **Build it.** Turn your business into one a buyer would love: clean figures, low risk, strong value, a team that runs it without you.
3. **Fund your future.** Choose the right exit route and structure, keep more of the money from tax, and plan your timeline.

Each chapter is short. Each one ends with questions to ask yourself. Grab a pen, and be honest with your answers. That is where the real value lies.

PART 1

Design It

1 Why Every Owner Needs an Exit Plan

2 Designing Your Exit Strategy

3 Know Your Number

4 What's Your Next Chapter?

CHAPTER 1

Why Every Owner Needs an Exit Plan

Like death and taxes, your exit is certain. The only questions are when, how, and with how much money. Yet most owners never plan for it.

Think like someone buying a used car

Imagine you are buying a second-hand car. You would not just hand over the cash. You would check the engine, look at the service history and maybe pay for an inspection. You want to know there are no nasty surprises.

A person buying your business thinks in exactly the same way. They will look under the bonnet: your accounts, your customers, your staff, your risks. Every surprise they find becomes a reason to offer less, or to walk away.

You and your buyer want the same things

Here is the interesting part. Write down what *you* want from your business. Now write down what a *buyer* wants. The two lists are almost identical:

- Good profits and strong cash flow
- A business that is easy to manage
- No over-reliance on one key person (usually you)
- A stable, motivated team with solid managers
- A good spread of customers and suppliers
- Predictable future profits, with risks understood and managed
- The freedom to take a long holiday without things going wrong

So, when you build a business a buyer would love, you also build one you will enjoy running. Exit planning is not just about the day you leave. It makes life better *now*.

The numbers are not on your side

Most businesses never reach a successful sale. Official UK figures for 2014 to 2018 show that 91.3% of new businesses survived their first year. After five years, only 42.7% were still trading.

It gets harder for the survivors. Research by Business Optics (2010 to 2019) found:

- about **90%** of surviving businesses are not saleable;
- of those that go to market, around **80%** do not sell;
- fewer than **5%** of those that do sell achieve the price the owner expected.

Multiply those odds together and the chance of starting a business and later selling it at the price you want is **fewer than 1 in 2,000**. Planning is how you get on the right side of that number.

The choice might not be yours

For around half of owners, the timing of their exit is decided for them. Advisers call these the **"5 Ds"**:

1. **Death.** Almost 90,000 people in the UK die each year before the age of 65.
2. **Disease or disability.** Around 600,000 people are off work sick.
3. **Divorce.** Around four in ten UK marriages are expected to end in divorce.
4. **Dispute.** Disagreements between business partners are at record levels.
5. **Distress.** Stress, burnout or simply losing your sense of purpose.

None of these comes with a warning. A plan protects you, your family and your team if the unexpected happens.

Don't build a Frankenstein's monster

Many businesses grow by accident. A new product here, a new hire there, a quick fix for every problem. After ten years the business works, but nobody really knows how. It is a Frankenstein's monster, and buyers are scared of monsters.

The alternative is **business by design**. You decide where you want to end up, and you build towards it on purpose.

Think of it like running a marathon. There is no medal for running 25.99 miles and stopping just before the finish line. The rest of this book will help you cross it.

Ask yourself

- If you had to leave in 12 months, what would happen to the business?
- Would someone buy your business at the price you want for it?
- Which of the 5 Ds worries you most, and what have you put in place for it?

Key Takeaways

- **Your exit is certain.** Planning early lets you choose when, how and for how much.
- **Think like a buyer.** Clear figures, reliable profits and managed risks protect your price.
- **Build it to run without you.** That makes it easier to sell, and better to own today.

Summary

Your exit may feel years away, but its foundations are laid now. Every step that makes the business less dependent on you gives you more choices, and more freedom, today.

START HERE If you stepped away for three months, what would stop working? And what would happen to your loved ones and the business if you weren't here tomorrow?

CHAPTER 2

Designing Your Exit Strategy

A good exit does not happen by accident. It follows a step-by-step plan, and that plan starts years before the sale.

Three ways out

In the end, there are only three ways to leave a business:

1. **Sell it** to a buyer, a competitor, your managers, your family or your employees.
2. **Liquidate it:** sell off the assets and pay the debts.
3. **Close it:** simply stop trading.

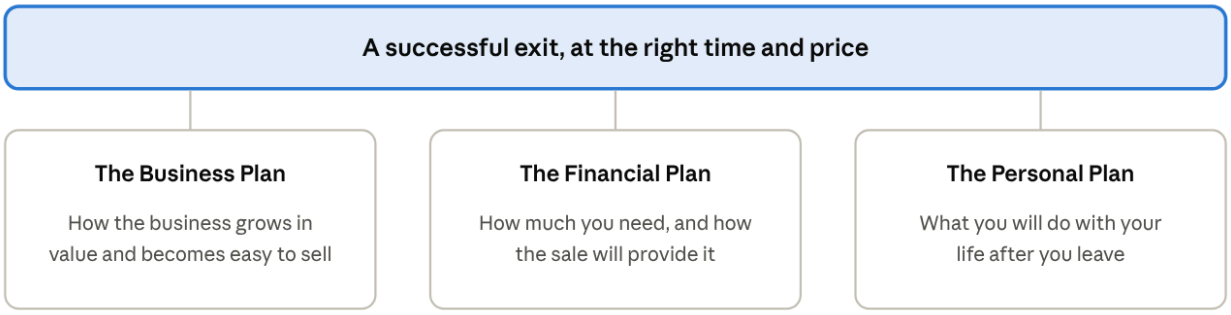
Only the first rewards you for years of hard work. The other two often leave you with very little. Your exit strategy is about making a sale possible, and making it happen at the right price.

The three-legged stool

Think of a successful exit as a stool with three legs:

- **The Business Plan:** how the business will grow in value and become easy to sell.
- **The Financial Plan:** how much money you need, and how the sale will provide it.
- **The Personal Plan:** what you will do with your life after you leave.

A successful exit stands on three plans



If one leg is short or missing, the stool falls over. Many owners have a business plan of some kind. Very few have the other two.

A word of warning: your Accountant may look after your tax return, but that is not the same as helping you plan an exit. Ask yourself honestly whether your Accountant is a friend or a foe on this journey.

The SMARTER Exit Blueprint

So how do you build all three legs? The SMARTER Exit Blueprint breaks it into seven ingredients:

Letter	Ingredient	What it means
S	Structure	Put your three key plans in place: business, financial and personal.
M	Mindset	Think like a CEO, not an employee of your own business. Work *on* it, not just *in* it.
A	Attention	Give the plan regular, focused time, with a clear action plan inside each of the three plans.
R	Resources	Be honest about what you have: time, people and money.
T	Team	You can't do this alone. You need three key advisers: an exit adviser, a wealth planner and a tax adviser.
E	Evaluate	Review progress in 90-day and 365-day cycles. Each cycle should cut risk and grow value.
R	ROI	Measure the return on your effort. The goal: you decide, with no regrets.

Stabilise, Systemise, Scale

The journey to exit usually moves through three stages:

1. **Stabilise: get clarity.** Find out what the business is worth today, how much of that value a buyer could take over, and where you stand personally.
2. **Systemise: take control.** Create a Master Action Plan, write down your key processes and remove your dependence on any one person.
3. **Scale: build consistency.** Grow profits and value in a steady, predictable way, using 90-day and 365-day cycles.

At the end comes completion: a successful exit for the business, and a new beginning for you.

Know where you are starting from

You can't plan a route without knowing your start point. Assess both sides of your life:

	Where you are now	Where you want to be
Business	Valuation, saleability, transferable value, due diligence readiness, benchmarking, likely buyers	A strategy to grow value, systemised processes, no skeletons in the closet, strong performance figures
Personal	Wealth gap, personal readiness, life plan, finances, vision, work–life balance	A plan to close the wealth gap, ready for life after the business, achievable finances, better work–life balance

? Ask yourself

- Which of your three plans is the weakest?
- Which SMARTER ingredient do you most need to work on?
- What, if anything, have you already done about your exit?

Key Takeaways

- **Start with the outcome.** Decide when you want to leave, what you need and what life looks like afterwards.
- **Build all three plans together.** Your business, financial and personal plans must support each other.
- **Work in 90-day steps.** Stabilise, systemise, then scale, with the right advisers reviewing progress.

Summary

A good exit is designed, not hoped for. Price matters, but so do timing, income and what fills your week afterwards, so you leave without seller's remorse.

START HERE Pick your weakest plan and one action to strengthen it in the next 90 days. Give it an owner and a deadline.

CHAPTER 3

Know Your Number

The aim of wealth planning is simple: to live the life you want without ever running out of money. To do that, you need to know your number.

Two questions to begin

Imagine we meet five years from now. What would have to have happened, in your personal life and your work, for you to feel you had enjoyed outstanding success?

Now imagine you are looking back on your whole life. How much money would you need to live the way you want, with no compromise and no risk of running out?

Your answer to the second question is what finance professionals call: **Know Your Number**. It tells you how much your business and personal assets need to be worth when you sell up, and determines when you can realistically stop.

Why so many owners get stuck

Many owners work for longer than they need to because they don't know if, or when, their money might run out. So, they keep going, it becomes a vicious circle, and many never reach the exit at all.

Part of the problem is advice. Most Accountants and financial planners don't work together. The Accountant looks at your business and your tax. The planner looks at your life and your goals. You need both, working as one team, covering:

- **Tax planning:** keeping more of the money from the sale.
- **Financial planning:** making sure the money lasts.
- **Estate planning:** passing on what is left to the people you choose.

Note the difference between a financial *adviser* and a financial *planner*. A planner takes a whole-life view and helps you reach a chosen lifestyle. They don't just sell products.

Removing the guesswork: cashflow modelling

A cashflow model is a picture of your money over the rest of your life. It starts with your dreams, then adds:

1. **Your financial position:** savings, pensions, property, investments and what the business is worth.
2. **Your lifestyle costs:** home, family, cars, holidays, hobbies and tax, year by year.

The model then shows, year by year, whether your money will last.

A worked example

Take an owner aged 53 with about £650,000 in assets, planning to retire at 60. On current spending, the model shows the money runs out at **74**. That could mean 20 or more years with nothing left.

What could they change?

Change	Money now runs out at
Nothing	Age 74
A different investment strategy	Age 83
Spending less	Age 94
Selling the business for about £925,000 at 60	Never: the lifestyle is fully funded

Other options include downsizing, some consultancy or non-executive work, or working for longer. But working longer has a cost: your health and your time.

Three ways the story can end

1. **Not living life to the full.** The owner dies with a lot of money they never enjoyed.
2. **Sold too early, too cheaply, spent too much.** The money runs out while the owner is still alive.
3. **Success.** The owner sold at the right time, lived life to the full and has no regrets.

The third story doesn't happen by luck. It happens because the owner knew their number, made the business exit-ready and sold at the right moment.

? Ask yourself

- Do I know my number, and will the sale of my business reach it?
- Will I be able to keep the lifestyle I want after the sale?
- Are my Accountant and financial planner working together for me?

Key Takeaways

- **Your number starts with the life you want.** Work out what your money must provide before you set a price.
- **Focus on what you keep.** Allow for tax, costs and when you will actually be paid.
- **Test it with a cashflow model.** Treat it as a target, not a guarantee, and review it as life changes.

Summary

Knowing your number gives your exit plan a clear purpose. A cashflow model can reveal a shortfall or show you have more freedom than you thought. It gives you a target to work towards and the confidence to make decisions that shape your future.

START HERE Build your personal cashflow model, work out how much you need from your business after tax and costs, and compare that with what a sale could deliver today. Then create a practical plan to put you in control.

CHAPTER 4

What's Your Next Chapter?

Many founders and owners spend years thinking about how much they will sell for. Very few plan how they will get that price and what they'll do next. That can be a painful mistake.

This chapter draws on the work of Hilary Rowland, MD of Next Chapter Retreats, who coaches business leaders through big life changes like a business exit.

When there's no plan

Real stories show what happens when owners don't prepare:

- One entrepreneur sold his business in his thirties. It then took him ten years to work out what to do next.
- Another sold to a large overseas company and struggled badly with the very different culture.
- One owner sold to a buyer who seemed a good fit. Soon he felt the people-first culture he had built was being destroyed. It affected his mental health.
- A senior manager left a big company with no plan and bought a drain-repair franchise. He knew nothing about plumbing and didn't enjoy it. The stress was enormous.

Remember this - The sale is not the end of the story. It is the start of a new one.

Beware the dream of endless golf

Many owners imagine endless golf, endless whisky or endless cruises. These sound wonderful, but they often lead to boredom, or even poor health. If you retire in your forties or fifties, retirement could last 30 to 40 years. That is a long time to fill.

Finding your Ikigai

On the Japanese island of Okinawa, an unusual number of people live to 100. Researchers found they shared *Ikigai*: something that gives life meaning and purpose. A popular modern version sits where four things meet:

1. What you love
2. What you are good at
3. What the world needs
4. What you can be paid for

For years, your business has probably been your Ikigai. After the exit, you need to find a new one.

Warning signs to watch for

The exit process is stressful. It may be time for a quiet chat with someone if you notice:

- too much stress, or a feeling that you are not coping;
- changes in behaviour, such as losing focus or becoming obsessed with the sale;
- tension in the family linked to the sale;
- unrealistic expectations of what the exit will give you;
- strange or unwise business decisions.

Choose someone you trust, who feels able to challenge you and give advice you didn't ask for. That could be a coach, a business adviser or your Accountant.

? Ask yourself

- What would a fulfilling ordinary week look like after you sell?
- Are you really ready to let go, and to watch new owners change what you built?
- Have you talked to your partner about life after the exit?

Key Takeaways

- **Plan the life you are moving towards.** Purpose, structure and connection matter more than endless golf.
- **Prepare to let go.** A buyer may change your business. Decide now how you will feel about that.
- **Look after yourself.** Notice the stress, and talk to someone who will challenge you.

Summary

Selling changes more than your bank balance. It changes your identity, your routine and your relationships, so prepare for them as carefully as you prepare the business.

START HERE Try one new interest, role or project before you sell, and see how it fits.

PART 2

Build It

5 Show the Buyer What They Are Buying

6 De-Risking Your Business

7 What Is Your Business Really Worth?

8 Growing Profit and Value

9 Funding Your Growth

10 Your People

CHAPTER 5

Show the Buyer What They Are Buying

Many sales fail not because the business is bad, but because the owner can't give the buyer the information they need. When a buyer asks for figures and the seller can't produce them, trust disappears, and with it the deal.

Back to the used car

When you buy a car, you hope for something shiny, with a full inspection report and a warranty. If you find a dent, you ask for a lower price.

Buying a business is no different. The buyer looks for anything that isn't 100% right, and every problem becomes a reason to cut the price. If the buyer discovers these problems, they will wonder what else is there that you don't know about your own business.

What each side wants

The seller wants...	The buyer wants...
To keep disruption low during the sale	To know exactly what they are buying, warts and all
The best price and terms	Confidence in the seller's abilities
To keep control	A business that doesn't need them day one
To avoid risk	To avoid risk

Both sides want to avoid risk. The seller must keep the business running through a sale that can take months. If the deal fails, other buyers may see the business as damaged goods, and staff may start to worry.

Due diligence is not an audit

Many owners think last year's accounts are enough. They are not.

- An **audit** is a snapshot. It shows the business as it was, often many months ago.
- **Financial due diligence** goes much deeper. It studies at least three years of trends, asks *why* the numbers moved, checks whether forecasts are realistic, and there are good upward trends.

In short, it shows how an independent outsider would judge your business on facts alone. The buyer wants to understand performance and trends, financial risk, what is really owned and owed, how well you fit with their business, whether the numbers back the price, and how they can negotiate it down.

The information a buyer will expect

A strong financial due diligence pack usually covers:

1. A three-year overview of revenue and net profit, showing the direction of travel.
2. Monthly and quarterly trends in sales, margins, overheads and profit, to show seasonality and recent changes.
3. Revenue forecasts based on recent trends. The buyer will project your future from your past, whether you like it or not.
4. Customer analysis: how many are new, kept or lost, and how much depends on your top five or ten.
5. Debtor and creditor days: how fast customers pay you, and how fast you pay suppliers. Slow-paying customers will leave the buyer wondering how much extra they'll need to put in.
6. Stock and cash: how much money is tied up, and whether the business generates cash.
7. Fixed assets: if equipment hasn't been replaced for years, the buyer faces big costs soon.
8. This year versus last year: what worked, what didn't, and why profit moved.
9. Key balance sheet ratios: can the business pay its short-term bills?

Watch out for hostage situations

Buyers worry when a business leans too heavily on one key customer, one key supplier or one key employee. If that one person or company leaves, value can drop sharply. Part of the exit planning process is identifying these risks and reducing them.

Get your ducks in a row

The goal is to have all your financial ducks in a row, all facing the same way. This shouldn't start the day you decide to sell. It should be how you run the business for years before. Professional investors work with the end in mind and how much they'll want when they sell up.

? Ask yourself

- Could I give a buyer three years of reliable figures tomorrow?
- Can I explain why sales, margins, profit and cash have changed?
- How much does the business depend on a few customers, suppliers or people, including me?

Key Takeaways

- **Make the business easy to understand.** Clear, consistent figures build a buyer's trust.
- **Explain the story behind the numbers.** Know why things changed and what you did about it.
- **Prepare early.** Good records should be how you run the business, not a last-minute scramble.

Summary

A buyer needs evidence to support the price you want. Preparing early lets you fix weaknesses before they become negotiating points, and helps you run the business better today.

START HERE List what you would struggle to provide if a serious buyer asked tomorrow. Give each gap an owner and a deadline.

CHAPTER 6

De-Risking Your Business

How many businesses have no risk at all? None. Every business has risks. What matters is whether you know about them, and what you're doing about them.

Guilty until proven innocent

A buyer won't just take your word for it. They often bring advisers who do this every day, with long checklists and a nose for where problems hide. They want proof, not promises.

Every question you can't answer well may be used to push the price down. It can also drag the sale on for months while you still have to run the business. So, stand back and ask: *would I buy this business?*

Remove it, reduce it or transfer it

You can't remove every risk, but you can manage them all:

- When you can **remove** a risk, do it.
- When you can't, **reduce** it.
- Or **transfer** it, for example through insurance.

This isn't just for the buyer. Managing risk well is simply good business, and it reassures lenders and customers too.

Are you really covered?

Most owners say, "Of course we're insured." Yet insurance industry figures suggest around 70% of businesses are underinsured.

Say your business needs £5 million of cover but has only £2.5 million. You are 50% underinsured. Make a £1 million claim and the insurer may pay only £500,000. If you can't find the rest, the business could close. With stock, equipment and building costs up in recent years, check your cover today.

Warranties: the risk that follows you

Buyers protect themselves with **warranties** (promises about the business) and often hold back part of the price in a separate account for a long period. If a problem appears after the sale, that money covers it.

Your risk doesn't always end on completion day. The best protection is to find and deal with risks long before the sale.

Beyond the numbers

Buyers will also examine everything else needed to run the business:

- Health and Safety;
- HR and employment contracts;
- Data security, including GDPR;
- Quality control and product liability;
- Environment and sustainability;
- Financial controls, fraud and anti-money laundering;
- Sales and marketing;
- Insurance, directors' duties and business continuity.

They will check for ongoing legal cases or employment tribunals too. Be open about these. They'll find eventually, using it to cut the price or most likely walk away.

A four-step approach to managing risk

A good risk system, such as the Risk Dashboard tool (around 400 questions across 22 areas of the business), works in four steps:

1. **List** every possible risk, and keep the list up to date.
2. **Score** each risk by probability × impact, so you know where to start. Knowing there's a problem is 90% of the way to solving it.
3. **Act:** build a risk register and action plan, with an owner and due date for each task.
4. **Record:** keep an audit trail of what you did, with evidence. This is your proof for the buyer.

You can share the load, too. Each department head can own the risks in their area.

A clear, up-to-date risk register shows a buyer that you're on top of your game. That confidence protects your price, and makes the business stronger even if you never sell.

? Ask yourself

- Which three risks could do the most damage to my business?
- When did I last check my insurance against today's rebuild and replacement costs?
- What would a buyer's adviser find that I would rather they didn't?

Key Takeaways

- **Find your risks before a buyer does.** Then remove, reduce or transfer them.
- **Check your insurance matches the business today.** Having a policy does not mean you have the right cover.
- **Keep a risk register.** Give every risk an owner, a deadline and evidence of action.

Summary

Every business has risks. What matters is showing they are under control. A well-kept risk register protects the business today and gives a buyer fewer reasons to cut the price.

START HERE Name your top three risks this week, and give each one an action, an owner and a deadline.

CHAPTER 7

What Is Your Business Really Worth?

Ask 100 people what a business is worth and you'll get 100 answers. Value depends on who is asking, why, and how much risk they see. So, the first job is to take the emotion out and look at your business the way a buyer would.

Eight myths that cost owners money

1. **"Everyone in my sector gets the same multiple."** No. A well-run business with a strong team might sell for five times profit or more. An owner-dependent business in the same sector might get one. The difference is risk.
2. **"I can use the big firms' multiple."** Large companies can survive losing a big client. Small ones usually can't, so buyers pay less.
3. **"There's one correct number."** A good valuation gives a sensible *range*, say £1.3m to £1.7m, to negotiate within.
4. **"My future is worth more than my past."** A buyer will ask: if the future is so bright, why isn't the business there already? The past is fact. The future is a promise.
5. **"Brokers give reliable valuations."** Some quote high to win your listing fee. They can't promise a sale at that price.
6. **"Buyers will offer what the agent says."** Buyers make up their own minds.
7. **"My profit shows the true picture."** Most owners do the work of two people without a market salary. A buyer will ask what profit would be if they had to employ someone to replace you.
8. **"I'll get it all in one lump sum."** Often you won't. But a flexible deal can attract more buyers and a better price.

Three kinds of value

- **Calculated value** is based on facts: performance, trends and due diligence. It supports your asking range.
- **Perceived (strategic) value** is about the buyer's plans. If you open a new market for them or let them cut costs, you may be worth far more to them. Facebook paid $21.8 billion for WhatsApp, a loss-making company with 55 employees.
- **Transferable value** is what the buyer actually gets. If the owner holds all the knowledge and every customer relationship, the buyer gets almost nothing. If the team runs the business, the buyer gets something real.

When should you get a valuation?

As soon as possible. If you don't know where you are now, you can't know what's achievable:

1. Review the last three years' financial performance.
2. Work out an objective valuation range using several methods.
3. Ask the key question: is the business sellable, and is the value enough?
4. If yes, start the exit process. If no, build a three-to-five-year plan to reach the value you need.

You'll also need a valuation when raising finance, planning your estate, setting up an Employee Ownership Trust, or handling a divorce or shareholder dispute.

Seven ways to value a business

Method	The question it answers
Return on investment	Could the buyer earn more by putting the money elsewhere?
EBITDA multiple	Profit before interest, tax, depreciation and amortisation, times a sector multiple (usually 3 to 6 for small firms)
Simple cash payback	How quickly will the business pay back its price in cash?
Revenue multiple	Sales times an industry figure; useful for subscription and young, fast-growing firms
Balance sheet	Assets minus liabilities; usually the minimum an owner would accept
Discounted cash flow	Future cash turned into today's money; good for steady track records, but sensitive to assumptions
Cash flow	What the business can pay from its own cash over time; common for sales to family or staff

Be careful with published EBITDA multiples: different sources give very different figures for the same sector. Size matters too. Bigger businesses look less risky, so they often get higher multiples.

One answer from many methods

Most businesses are valued as a **weighted average** of several methods. Here's how a service business might be weighted:

Method	High recurring revenue	Low recurring revenue
Return on investment	5%	15%
EBITDA multiple	15%	15%
Simple cash payback	5%	20%
Revenue multiple	25%	10%
Balance sheet	5%	15%
Discounted cash flow	35%	10%
Cash flow	10%	15%

A manufacturer or construction firm would weight the balance sheet more heavily, because of its machinery, land and stock.

Why recurring revenue matters so much

Take a business with sales of £1 million and EBITDA of £109,000. With 66% recurring income, it's worth about **£491,000**. With only 33% recurring, about **£316,000**. Same sales, same profit, very different value.

Now say the owner needs £2 million to retire. After five years of steady improvement, sales reach £2.5 million and EBITDA £596,000. With high recurring revenue, the business is worth about £2.07 million: target reached. With low recurring revenue, about £1.59 million. That owner has to keep working.

From accounts to a valuation

1. Collect at least two years of profit and loss accounts and balance sheets.
2. Remove one-off and personal costs. Building work on the owner's home shouldn't be in the company's costs. Each justified adjustment raises your EBITDA.
3. Project future performance from this adjusted history, not from an optimistic forecast.
4. Look closely at the cash the business will produce.
5. Run each valuation method.
6. Combine the results into one weighted valuation you can explain to anyone.

If the number is high enough, you're ready to sell up, if not, you need a plan. That's the next chapter.

? Ask yourself

- Is my idea of the business's value based on evidence, or on hope?
- What would my profit be after paying someone to replace me?
- After tax, costs and any delayed payments, would the sale meet my number?

Key Takeaways

- **A valuation is a range, not a promise.** It is a starting point for negotiation, backed by evidence.
- **Risk drives the multiple.** Recurring income, a strong team and less reliance on you all raise value.
- **Value must survive your departure.** Buyers pay for what they can take over.

Summary

Buyers pay for evidence, not for your years of hard work. An objective valuation shows where you stand, and where improvements will make the biggest difference.

START HERE Get an independent valuation now, then ask what would need to change for a buyer to pay the price you need.

CHAPTER 8

Growing Profit and Value

So, the valuation isn't enough. What now? Let's follow a real-world example: an internet marketing company whose owner needs **£2.5 million** from the sale. Today the business is worth about **£363,000**. A big gap, but one that can be closed.

Growth first, then scale

Growth means more revenue, with costs rising at about the same rate. **Scale** means revenue rises fast while costs rise more slowly, because strong systems are in place. You must grow before you can scale.

Measure what matters

Most reports show *lag* indicators: sales, profit and cash. By the time you see them, it's too late to change them. Smart owners watch *lead* indicators: the activities that create results, which you can act on every week.

The seven drivers

1. **Customer acquisition:** how many new customers you win.
2. **Customer retention:** how many existing customers you keep.
3. **Number of transactions:** how often each customer buys.
4. **Transaction value:** how much they spend each time.
5. **Gross margin:** what's left after the direct cost of sales.
6. **Overheads:** your fixed running costs.
7. **Cash flow:** the result of all the others, and what keeps you alive.

The first four multiply together to give revenue. Take away cost of sales for gross profit, then overheads for net profit.

The power of 1%

When Sir Dave Brailsford took over British Cycling in 2002, British riders had won very little at the top level. He didn't look for one big change. He looked for hundreds of tiny 1% improvements. At the 2008 Beijing Olympics, the team won seven of the ten track cycling golds.

Business works the same way. You don't need dramatic changes to get dramatic results.

Small changes, big results

Our example company's sales were flat at about £1 million. Now say it makes modest changes each year:

- win 10% more new customers;
- keep 2% more existing customers;
- increase transactions by 5%;
- increase average transaction value by 5%;
- improve gross margin by 1% in year one, then 0.5% a year;
- let overheads rise 10% a year to support the growth.

None is dramatic. Yet by year five, sales would be nearly **£2.6 million** and profit around **£500,000** a year. By year four, the owner could employ a manager and step back.

Don't forget the cash

Here's the trap: growth uses cash. With growth alone, the business stays in overdraft for three more years and has only £99,000 in the bank after five.

The fix is in the cash drivers. Customers were taking 72 days to pay on 30-day terms. By getting debtor days down to 50 in year one and 45 in year two, and paying suppliers in 28 to 30 days instead of 24, the business is out of overdraft by the end of year one and builds strong reserves after that: a great story for a lender.

When organic growth isn't enough

Even after all this, the five-year value reaches about £1.7 million. A huge improvement, but still short of £2.5 million. Keep working? Live on less? Or be bolder?

The bolder choice is to **buy a competitor**. With cash in the bank and a well-run business, the owner can make a strong funding case. Combining two similar businesses brings more customers and removes duplicated costs. In our example, an acquisition in year four lifts the year-five value to about **£2.66 million**. Target reached.

? Ask yourself

- How big is the gap between my value today and my number, and what help do I need to close it?
- Which of the seven drivers is moving the wrong way?
- How many days do my customers really take to pay me?

Key Takeaways

- **Small gains add up.** 1% improvements across the seven drivers compound into big results.
- **Watch the lead indicators.** Track the weekly activities that create sales and profit.
- **Plan the cash.** Growth uses cash, so collect faster and plan funding early.

Summary

Value grows through steady improvements, strong systems and a capable team, with cash planned alongside. If organic growth still falls short, an acquisition may close the gap, provided the numbers stand up and your business is organised well enough to merge the two quickly.

START HERE Choose the three improvements that would most lift profit, cash and value in the next 90 days. Review them every quarter.

CHAPTER 9

Funding Your Growth

An owner can believe almost anything about their business. But lenders deal in facts, and they need to be sure you can repay. Whether you're borrowing for growth, an acquisition or an exit, the key is one word: **preparation**.

Why preparation wins

A well-prepared business gets a better hearing, a faster decision and often better terms. Good preparation:

- makes you look credible and professional;
- shows you understand your risks and have plans for them;
- sharpens your own strategy;
- speeds up the lender's checks;
- puts you ahead of less-prepared applicants;
- starts a relationship that can last well beyond one loan.

What a lender wants to see

Before you ask for money, have these five things ready:

1. **A business plan**, and evidence you're actually following it. Include your track record and your management team's experience and ability to deliver.
2. **Better financial information:** a forecast linking profit and loss, balance sheet and cash flow, plus monthly reports comparing actual results with the plan. Show your existing borrowing, available resources and how you will afford repayments, including interest, if trading falls short.
3. **A risk register** showing which risks you've found and what you're doing about them. Explain any security, guarantees and relevant insurance available to support the borrowing.
4. **Current and projected valuations**, so the lender can see where the business is heading.
5. **A strong funding proposal:** summary, company profile, five-year trading history, forecasts with and without the funding, break-even and sensitivity analysis, and supporting schedules. State exactly how much you need, what it will pay for, why it will benefit the business and how much you will contribute yourself.

For a few thousand pounds you won't need all this. For anything bigger, missing information means the lender keeps asking for more, or simply says no. And a refusal can leave a mark on your credit history.

Notice something? Almost everything on that list is what a buyer wants too. Get funding-ready and you're well on the way to exit-ready.

? Ask yourself

- Do I know exactly how much I need, what it is for and how I will repay it?
- What happens to repayments if sales fall or customers pay late?
- Are my accounts and forecasts ready for a lender to read?

Key Takeaways

- **Prepare before you need the money.** Borrowing under pressure leads to poor terms.
- **Make a clear case.** Show the amount, its purpose, the benefit and how you will repay it.
- **Test the downside.** Show what happens if things go wrong, and what you would do.

Summary

A lender needs evidence that your plan works and the loan can be repaid. The same preparation makes your business more attractive to a buyer later.

START HERE Build a forecast that links profit, balance sheet and cash, and compare it with actual results every month.

CHAPTER 10

Your People

Your people are your greatest asset. Handle them badly during a sale and they become your greatest risk. Key staff leave. Rumours spread. In the worst case, the deal falls through.

A **People Plan** is simply a clear plan to attract, develop and keep the right people. Buyers look closely at your team. A strong team that can run the business without you is often the difference between selling and not selling.

Start with the end in mind

Picture the day your business is sold. What does the team look like? Who's running it? Now work backwards. It becomes much easier to see what needs to happen between today and that day.

The "what": skills

Ask four honest questions:

1. What skills does the business need now, and in future?
2. How do your people compare?
3. Where are the gaps?
4. How will you close them?

If someone isn't performing, try the **CAKE(S)** check. Is it about **C**larity, **A**ttitude and behaviour, **K**nowledge, **E**nvironment or **S**kills? Once you know the cause, you can fix the right thing.

The "how": people processes

Good processes set people up to succeed, and show a buyer the business is well run. Check you have clear processes for:

- recruiting and saying goodbye to staff;
- onboarding, so new starters feel settled quickly;
- workforce and succession planning (who steps up when someone leaves);
- pay, benefits and rewards;
- managing absence and performance;
- keeping staff engaged.

Most importantly, every employee needs a **written contract**. Check what your contracts say about a change of owner. You also need to understand **TUPE**, the Transfer of Undertakings (Protection of Employment) rules, which protect employees' jobs and terms when a business, or part of it, moves

to a new owner. Get expert HR advice and make sure you know what this means for you and your exit plan.

The "why": helping people through change

Change affects the head (thinking), the heart (feelings) and our habits, and everyone moves at a different speed. The good news is that reactions are predictable, so you can plan for them. Jeff Hiatt's ADKAR model (2003) gives five steps:

Step	What it means	What you can do
Awareness	People understand change is coming	Share plans at the right time. Keep it simple, stress confidentiality, paint a positive future.
Desire	People want to be part of it	Be available, answer questions, focus on keeping key talent, reassure on job security.
Knowledge	People know what to do	Share the right information at the right time.
Ability	People can do it in practice	Give training and support for new processes or systems.
Reinforcement	The change sticks	Keep business as usual, celebrate wins, ask for feedback.

Throughout, keep talking. If you don't communicate, people fill the gaps themselves, usually with the worst story.

Be careful what you say

When talking to a buyer you'll probably sign a Non-Disclosure Agreement (NDA). It limits what you can tell your staff. Always check the wording, but as a general guide:

You can usually say	You should not say
A sale is happening	Sensitive deal details, such as the price
Why confidentiality matters	Who the buyer is (unless someone really needs to know)
General progress updates	Secret business information
The rough timeline and next steps	Guesses, rumours or negative comments about the buyer

Never pressure an employee to sign an NDA. If you need them to, give them the chance to take legal advice first.

Rewarding key people: bonus or share options?

Say you want to give a loyal manager £100,000 after tax. Paid as a normal bonus through payroll, after income tax and National Insurance, it could cost the business around **£210,000**.

An **Enterprise Management Incentive (EMI)** scheme is often far better. It gives employees options to buy shares later. Held long enough, the tax can be much lower, and EMI shares can qualify for the lower 18% Business Asset Disposal Relief rate (more on that in Chapter 11). From April 2026 the rules were widened, so more companies can use EMI. But timing is everything: set it up well before a sale is in sight.

? Ask yourself

- Who would run the business tomorrow if I weren't there?
- Which two or three people would a buyer most want to keep, and how will I keep them?
- When and how will I tell my team about a sale?

Key Takeaways

- **Build a team that succeeds without you.** Hand over responsibility and key relationships gradually.
- **Keep knowledge in the business.** Document key processes so no one person is essential.
- **Plan what you say.** Be honest, check your legal duties, including TUPE, and never promise what you can't guarantee.

Summary

A strong team makes your business valuable and transferable, and gives you more freedom while you still own it.

START HERE Ask what your team would need to run the business confidently without you. Turn the answers into actions, each with an owner and a deadline.

PART 3

Fund Your Future

11 Tax hurts

12 Choosing Your Exit Route

13 Designing the Deal

14 Keeping It in the Family

15 Your Exit Timeline

CHAPTER 11

Tax hurts

Tax planning isn't something you do the week before you sell. It's a key area to focus on at the start of your business journey. Treat it like any other overhead: don't pay more than you need to.

What has changed

The last three Budgets rewrote the rules for selling a business. If your exit plan was drawn up before October 2026, it needs a fresh look.

	A few years ago	Tax year 2026/27
Capital Gains Tax on a share sale	10% or 20%	18% or 24%
Business Asset Disposal Relief (BADR)	10% on up to £1m (once £10m)	18% on up to £1m of lifetime gains; £500,000 from 6 April 2027 (announced)
Sale to an Employee Ownership Trust	0% tax	50% of the gain taxed: an effective 12%
Trading company shares on death	Free of inheritance tax, no limit	Fully relieved up to £2.5m per person; an effective 20% above that

BADR was once worth up to £1 million of tax savings. Today it is worth at most **£60,000**, or **£30,000** from 6 April 2027 if the announced cut becomes law. Each change shifts which door is best.

Think in three time frames

- **Short term:** the tax you pay each year on salary, dividends and company profits.
- **Medium term:** the tax you pay when you leave or sell.
- **Long term:** what happens when you pass your wealth on.

Like planning a trip, you need to see the whole route, not just the next turn.

Is the sale the doughnut or the jam?

If the sale money is the **doughnut**, your whole retirement depends on it. A low price or a failed sale leaves your plans in pieces. For the sale to be the **jam**, your retirement must already be funded, so the sale is the sweet extra on top.

For example, a couple whose company makes £300,000 a year could combine tax-efficient salaries, pension contributions and dividends invested in a family investment company. After ten years, that could pay them around £85,000 a year after tax, so the sale money is pure jam.

Start with the end in mind: what are you selling?

What will a buyer actually want: the whole company, or just its contracts, brand or customers? The answer can change how you set up your business today. Two owners each sold contracts worth £2 million; the one who had planned ahead kept around **£450,000 more**.

Is your company really a trading company?

This is very important, because most of the valuable reliefs (BADR, gift holdover relief, inheritance tax relief and the Employee Ownership Trust relief) only work for **trading** companies.

HMRC looks at roughly a **20% line**. If around 20% or more of your income, assets, management time or costs relate to investments, rather than the trade, you may fail the test. For inheritance tax, the line is more generous, at about 50%.

HMRC looks at the business as a whole, not at one number. Even if your company qualifies, surplus cash and other assets not needed for the business may still fall outside the relief.

The usual culprits:

- investment property let to other people;
- the trading premises, if you want to keep them as a retirement income;
- surplus cash far beyond what the business needs (although cash just sitting on deposit is not, by itself, usually a problem);
- loans to directors or connected companies;
- old dormant subsidiaries carrying old liabilities;
- personal assets on the balance sheet: the classic car, the holiday flat.

These assets cause three problems. They put your reliefs at risk. They slow down due diligence. And they distort the price, because a buyer won't pay a trading multiple for a property.

Separating the property and non-trading assets out before a sale

The trick is to leave a clean trading company for the buyer and the property in your hands. Doing this well in advance can reduce the tax bill on the sale. Simply taking the property out as a dividend is usually the most expensive way. A carefully planned restructure, potentially using a holding company, may offer a more tax-efficient route.

Review your balance sheet at least two years before any sale. Plan ahead and take specialist advice before moving assets or agreeing a sale.

? Ask yourself

- Do I know what I would keep after tax if I sold on my planned terms?
- Am I building wealth outside the business, or relying entirely on the sale?
- What assets does the business hold that could put tax reliefs at risk?

Key Takeaways

- **Plan early.** Some reliefs need conditions to be met for two years before a sale.
- **Make the sale the jam, not the doughnut.** Wealth outside the business means you are never forced to sell.
- **Clean up your balance sheet.** Take advice before you move property or restructure.

Summary

What matters here is not the price you agree, but what you keep. Planning ahead gives you time to protect reliefs and choose the right structure. Some reliefs have two-year rules, so make sure you know them.

START HERE Ask your advisers what you would actually receive after tax and costs, and revisit the answer each year as the rules change.

CHAPTER 12

Choosing Your Exit Route

Tax is only one part of the decision. There is no single best way out. The right route depends on what *you* want: the highest price, a quick clean break, continuity for your team, or keeping it in the family.

Five routes compared

Route	What it's like	When you get paid	Your tax (2026/27)
Sale to a third party	Thorough due diligence, warranties, tough negotiation	Mostly on completion	18% on the first £1m* with BADR, then 24%
Management buyout (MBO)	Lighter checks; you often set the terms	Mostly over time, from future profits	18% on the first £1m* with BADR, then 24%
Employee Ownership Trust (EOT)	Lighter checks; years of rules to follow afterwards	Mostly over time, from future profits	An effective 12%, with no upper limit
Family succession	No outside process	Little or no cash	Gain can be deferred; inheritance tax rules matter most
Company buys back your shares	Internal; strict tax and legal conditions	Up front, from company reserves	18% / 24% if conditions are met; up to 39.35% if not

The routes can be mixed. You might gift some shares to a child and sell the rest to managers, or sell to an EOT and give the ongoing team share options.

Business Asset Disposal Relief: the basics

BADR cuts the tax on the first £1 million* of lifetime gains to 18%. For the two years before the sale you must:

- own at least **5%** of the ordinary shares and votes, and be entitled to at least 5% of profits and assets (or sale proceeds);
- be an **officer or employee** of the company (don't resign before completion!);
- own shares in a **trading** company, or the holding company of a trading group.

Shares from an EMI option have their own, easier route in. And a spouse or civil partner who owns shares and meets the conditions has their **own £1 million*** allowance.

***Announced in the Budget on 28 October 2026, not yet law:** from 6 April 2027 the BADR lifetime limit falls to £500,000 each (£1m for a couple). A new Founders' Relief (10% on up to £10m of gains) is also proposed, but only for founders of high-growth companies who have held 25% or more since trading began. Most owner-managed businesses won't qualify.

Selling to a third party: shares or assets?

Sellers almost always prefer to sell **shares**. There's one layer of tax and the company's history goes with it. Buyers often prefer to buy the **assets**, picking what they want and leaving liabilities behind.

The difference is huge. Take Hartwell Engineering, sold for £4 million by its two equal owners:

	Share sale	Asset sale, then wind up the company
Corporation tax	None	About £975,000
Owners' Capital Gains Tax	£840k (£900k*)	£606k (£666k*)
Money in the owners' pockets	**£3.16m (£3.10m*)**	**£2.42m (£2.36m*)**

Selling to your managers (MBO)

Your managers rarely have millions in the bank, so they usually set up a new company (a **BidCo**) that buys your company and pays you out of its future profits: some cash on day one, the rest over time, often as **loan notes**. Have the loan notes checked before you sign, as badly drafted notes can leave you owing tax on money you never receive.

Selling to an Employee Ownership Trust (EOT)

An EOT buys more than half the company for the benefit of all employees, and pays you over time out of profits. The effective tax rate is **12%**, however large the gain, and the company can pay each employee up to £3,600 a year tax-free. But you can't control the trust, and the conditions must be met for **four tax years** after the sale or the relief is lost. Do it because it's right for your team, not just for the tax rate.

When the company buys back your shares

A buyback suits one owner leaving while the others carry on. The money is taxed as a **dividend**, at up to 39.35%, unless strict conditions are met, including owning the shares for **five years** and keeping **no more than 30%**. One rule catches many people out: **the company must pay for the shares in full on the day it buys them**, or the buyback is void. These rules may change in 2028.**

What you keep: the routes side by side

For a single higher-earning owner with a tiny base cost, at the same price:

Gain	Trade sale / MBO	EOT (effective 12%)	Buyback taxed as a dividend
£1m	Keep £820k (£790k*)	Keep £880k	Keep £606.5k
£3m	Keep £2.34m (£2.31m*)	Keep £2.64m	Keep £1.82m
£10m	Keep £7.66m (£7.63m*)	Keep £8.8m	Keep £6.07m

*From 6 April 2027, if the £500,000 BADR limit announced in the Budget on 28 October 2026 becomes law.
**The Budget also announced a reform of how distributions, including buybacks, are taxed, from April 2028.

The EOT wins on tax at every size. But read this table with care: in real life the price is *not* the same. A competitive trade sale, mostly in cash on day one, often leaves you better off than an EOT at a lower tax rate on a lower price paid over years. **The tax rate is one input. The price, the certainty and the timing of the money matter just as much.**

? Ask yourself

- Which matters most to me: the highest price, cash on day one, or my team's future?
- Do I, and my spouse, meet the BADR conditions today?
- How much of the price would depend on the business's future performance?

Key Takeaways

- **Choose the route that fits your goals.** No route is best for everyone.
- **Compare the whole deal.** Price, tax, timing and certainty of payment all count.
- **Check reliefs and conditions early.** Some must be met for years after the sale.

Summary

A lower tax rate is attractive, but not at the cost of a lower price or money you may never receive. The right route delivers the money, freedom and continuity that matter to you.

START HERE Compare your realistic options with your advisers, focusing on what you will keep, when you will receive it and what risks remain.

CHAPTER 13

Designing the Deal

The headline price is only half the story. *How* you're paid, and *who* receives the money, can change what you keep by hundreds of thousands of pounds.

Sell personally, or through a holding company?

Owners are often told to put a holding company on top of their business before a sale. Sometimes that's excellent advice. Sometimes it just moves the tax problem somewhere else. It all comes down to one question: **do you want the money in your hands, or in a company?**

A holding company is a new company that owns the shares in your trading company. You own the holding company. It's usually set up by a share-for-share exchange, which, done properly, triggers no tax at the time.

Why owners choose it

- **Keep what the buyer doesn't want.** Surplus cash and other assets can often be moved up into the holding company before the sale, so the buyer gets a cleaner business.
- **Tax-free sale inside the group.** When a holding company sells a trading subsidiary, the gain can be free of corporation tax under the **Substantial Shareholding Exemption**. Broadly, the holding company must have owned at least 10% for 12 months, and the company sold must be a trading company.
- **Control.** With the money in a company, you can reinvest it, back a new venture, or draw it out gradually.

What it costs you

- The cash belongs to the company, not to you.
- Getting it out has its own tax: dividends are taxed as income, and other routes have anti-avoidance traps.
- The corporation tax you save only stays saved if the money stays in the company, or comes out efficiently.

Selling personally, by contrast, means one tax bill, in the year of completion: 18% on the first £1m with BADR (£500k from April 2027, if enacted), then 18% or 24%. The cash is yours at once.

	Sell personally	Sell through a holding company
Tax on the sale	18% / 24% Capital Gains Tax	Often nil, if the exemption applies
Where the money lands	Your bank account	The holding company
Getting the money out	Nothing more to pay	Dividend or other tax when extracted
Best for	Spending, gifting or investing personally	Reinvesting through a company

Timing matters. A holding company set up just before a sale may not have owned the shares long enough. HMRC looks harder at restructures done with a sale in view, and some stamp duty reliefs can be lost. Two HMRC clearances are usually sought, and HMRC aims to reply within 30 days. If you already have a buyer, it's still possible, but riskier. Take advice before heads of terms are signed.

Paid now or paid later?

Many deals pay part of the price later. That can bring more buyers and a better price, but the tax rules hold some surprises.

How you're paid	When the tax is due	Watch out for
Cash on completion	Based on the contract date	Simple: the tax follows the deal
Fixed deferred payments	All of it, up front	Tax on money you haven't received yet
Earn-out (linked to future profits)	Value taxed now, more as it's paid	BADR usually doesn't apply to later payments
Loan notes	Usually as each note is repaid	How the notes are drafted changes everything
Shares in the buyer	When you later sell them	Your money is locked in

Warranties: when money flows back

Warranties are promises you make about the business. If one turns out to be wrong, you may have to pay the buyer back. Your tax can usually be adjusted if that happens, but keep a diary note, as warranty periods often outlast the tax deadlines. Many sellers now negotiate caps and limits, or take out warranty and indemnity insurance.

? Ask yourself

- Do I want the money personally, or in a company?
- How much will I receive on completion, and what must happen before the rest is paid?
- Could I pay the tax if part of the price arrived late?

Key Takeaways

- **Design the deal around your needs.** Decide where the money should land, and when.
- **Model payments and tax together.** You can owe tax on money you haven't received.
- **Agree protections before you sign.** Secure later payments and limit warranty claims.

Summary

A well-designed deal turns a headline price into the money you actually get.

START HERE Work out what you will get your hands on, when it will arrive and what could put it at risk, before you agree terms.

CHAPTER 14

Keeping It in the Family

When the business stays in the family, the questions change. It's less about price and more about two taxes: Capital Gains Tax on the gift, and inheritance tax on the shares.

Giving shares away isn't tax-free!

In HMRC's eyes, giving shares to your children counts as selling them at full market value, so you can face a tax bill even though you received nothing. Two important exceptions:

- **Gifts to a spouse or civil partner** are tax-neutral. That's why making your spouse a shareholder is often step one: it can increase tax reliefs, for example by giving the family a second BADR allowance.
- **Holdover relief** lets you pass the gain to your child, so no tax is due until they sell. You both have to sign the claim, within four years.

But holdover relief is cut back if the company holds investment assets: on an £800,000 gift of shares in a company where a quarter of the assets are investments, the tax could be £46,800 instead of nil, so separate the investments first.

One more trap: if your child also works in the business, the gift could be taxed as pay. A gift made purely because they are your child is normally fine, but write down the family reason. Gifts geared to performance, or made at the same time as gifts to unrelated staff, are riskier.

The new inheritance tax cap

Until April 2026, shares in a trading company usually passed on death free of inheritance tax, however much they were worth. Not any more:

- **100% relief on the first £2.5 million** of business and agricultural property per person.
- **50% relief above that**, an effective inheritance tax rate of **20%**.
- The £2.5 million allowance can pass to a surviving spouse or civil partner, so a couple can shelter up to **£5 million**.
- Tax on business property can be paid in **ten equal annual instalments, interest-free**.

A £6 million trading company that would once have passed tax-free could now carry up to **£700,000** of inheritance tax on a death.

Give now, or hold until death?

	Give shares now (with holdover)	Keep shares until death
Inheritance tax	Out of your estate after 7 years, including all future growth	Relief up to £2.5m; 20% effective rate above
Capital Gains Tax	Your child takes on your low base cost	Base cost resets to market value on death: past gains wiped out
Control and income	Lost, unless you use special share classes	Kept

A **family trust** can be a halfway house: trustees keep control while the next generation proves itself. Trusts have their own ten-yearly charges, so the numbers need modelling.

Family succession often combines routes: gift some shares, sell the rest to the family or managers so you have enough to retire on. The best answer depends on your number (Chapter 3) and on how much value you're happy to give away.

? Ask yourself

- Who in the family wants to take over, and are they ready?
- How much can I afford to give away?
- Is my will up to date, and does it fit the new inheritance tax cap?

Key Takeaways

- **Start with the family's goals.** Agree who takes over and what role you will keep.
- **Check the tax before you give.** A gift can create a tax bill with no cash to pay it.
- **Protect your own future.** A mix of gifts and sales can fund your retirement.

Summary

Passing the business on means balancing its future with your own security and your family's wishes.

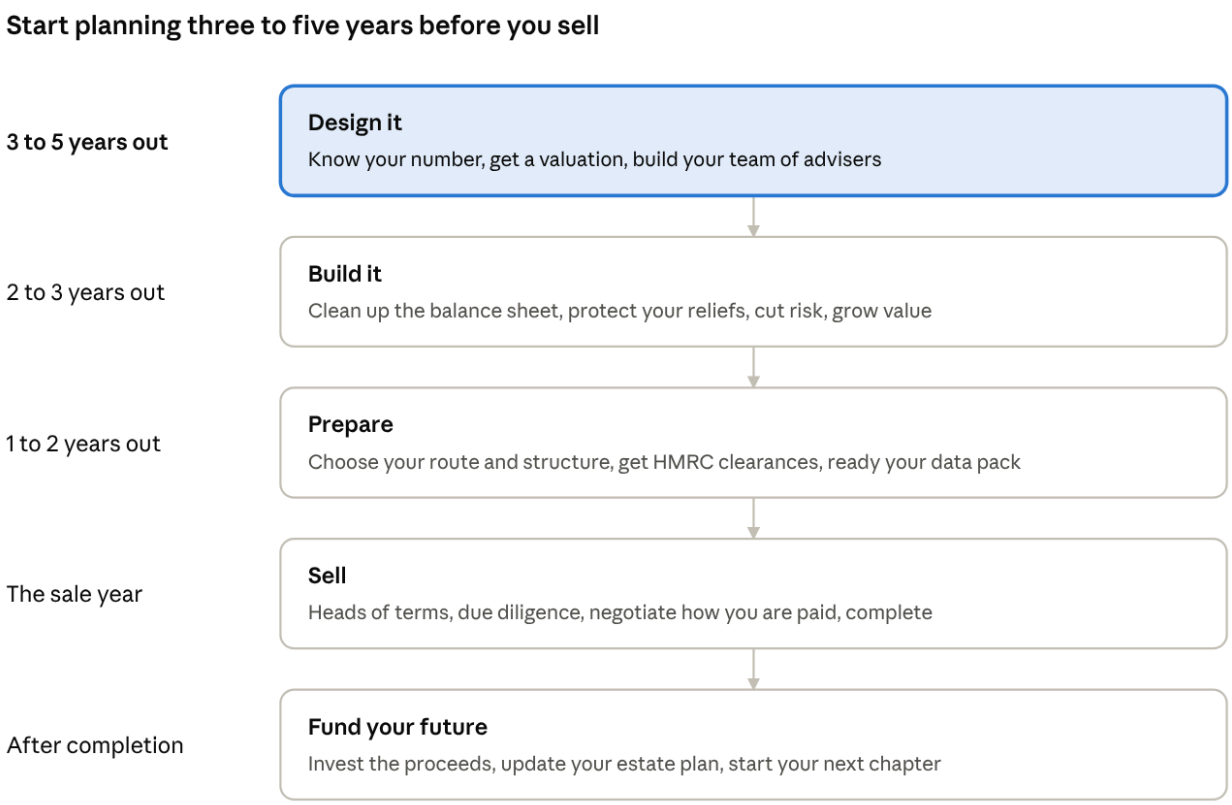
START HERE Talk openly with your family, then work with your advisers to turn the answers into a clear, affordable succession plan.

CHAPTER 15

Your Exit Timeline

The single most important point in this book is that **exit planning takes time**. BADR needs two years of qualifying conditions. A demerger needs to happen well before a sale. EOT conditions must be in place before the trust takes over. An owner who arrives with a buyer already at the table has lost most of their options.

Ideally, start three to five years before you want to leave. Here is how those years break down.



exit timeline · 5 stages

Your exit checklist

3 to 5 years out: Design it

- ☐ Work out your number with a cashflow model
- ☐ Get an independent valuation, and measure the gap to your number
- ☐ Write your business, financial and personal plans
- ☐ Build your team: exit adviser, financial planner and tax specialist
- ☐ Talk to your partner about life after the business

2 to 3 years out: Build it

- ☐ Check your company passes the trading test; separate investment property and surplus assets
- ☐ Check you (and your spouse) meet the BADR conditions, and keep meeting them
- ☐ Start your risk register and fix the biggest risks first
- ☐ Reduce reliance on you, on key customers and on key suppliers
- ☐ Grow recurring revenue and tighten debtor days
- ☐ Put share options (EMI) in place for key people
- ☐ Make sure every employee has a written contract

1 to 2 years out: Prepare

- ☐ Choose your preferred route: trade sale, MBO, EOT, family or a mix
- ☐ Decide whether you want the money personally or in a company
- ☐ Model the after-tax result of each option, including how and when you're paid
- ☐ Make any restructure now, with the commercial reasons written down, and apply for HMRC clearances
- ☐ Build your due diligence pack: three years of figures, monthly trends, customer analysis
- ☐ Make sure your management team can run the business without you

The sale year: Sell

- ☐ Appoint corporate finance and legal advisers
- ☐ Agree heads of terms, with tax advice *before* you sign
- ☐ Negotiate how and when you're paid, and the warranty limits
- ☐ Plan what you'll tell your team, and when

After completion: Fund your future

- ☐ Invest the proceeds in line with your financial plan
- ☐ Update your will and estate plan
- ☐ Diarise warranty periods, deferred payments and any EOT conditions (four tax years)
- ☐ Start your next chapter

THE WHOLE BOOK IN SEVEN POINTS

Key Takeaways

1. **Your exit is certain. The timing often isn't.** Around half of owners have the decision made for them. A plan protects you, your family and your team.

2. **Build for a buyer, and you build for yourself.** A business that's easy to sell is also easier and more enjoyable to run.

3. **Know your number.** A cashflow model tells you how much the sale must deliver, and when knowing that puts you in control because you can stop when you reach that number.

4. **Value comes from low risk.** Recurring revenue, clean figures, a strong team and no reliance on you can double your multiple.

5. **Plan your tax at least two years ahead.** BADR, trading status and restructures all need time, and the rules changed sharply in 2025 and 2026.

6. **No route is best for everyone.** A trade sale, MBO, EOT or family succession each suits a different goal. The tax rate is only one part of the decision; price, certainty and timing matter just as much.

7. **Don't go it alone.** You need an exit adviser, a financial planner and a tax specialist, working as one team.

YOUR NEXT STEP

A Free 30-Minute Financial Health Check

Reading this book is a great start. The next step is to find out where *you* stand.

In a free, no-obligation **30-minute financial health check**, we'll look at:

- what your business might be worth today;
- how far that is from your number;
- the biggest risks a buyer would spot;
- the first three things to do to protect your price and keep more of it from tax.

Whether your exit is two years away or ten, the earlier we talk, the more options you have.

CONCLUSION

Make Your Hard Work Count. You have given your business years of your life. Early starts, difficult decisions, sleepless nights and time away from the people you love.

Your exit is the chance to turn that effort into lasting security, freedom and time to enjoy what comes next.

That starts with knowing what you need, building a business that can run without you and planning how you will leave. Every step you take now can also make the business better to own today.

You do not need every answer before you begin. You just need to take the first step.

Email Josef@MrBlueski.co.uk with the word "EXIT" to arrange your free, no-obligation 30-minute financial health check. We'll talk about where you stand, what you want and where to start.

You have spent years looking after your business. Give your own future the same care.

Important

This book is general information, not financial, tax or legal advice. Tax rates and rules are for the UK 2026/27 tax year and may change. The examples are illustrations and simplify real-life rules. Your own position depends on your circumstances, so please take advice before acting. Budget 2026 changes are marked as announced: they are not yet law.

Figures on the age of UK SME owners in the Welcome are from smallbusiness.co.uk (March 2026).

Book your free 30-minute call

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FINANCIAL SYNERGY

Ready to plan your exit?

Book your free, no-obligation 30-minute financial health check with Josef.

Book your free call

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