

The Importance of Strategic Planning

By: Doug Robbins

Robbinex is approaching 50 years of selling businesses. Since our humble beginnings in 1974 we have met thousands of business owners; have sold more than 500 businesses; and have provided advice, support, valuations, and/or guidance to at least a thousand others.

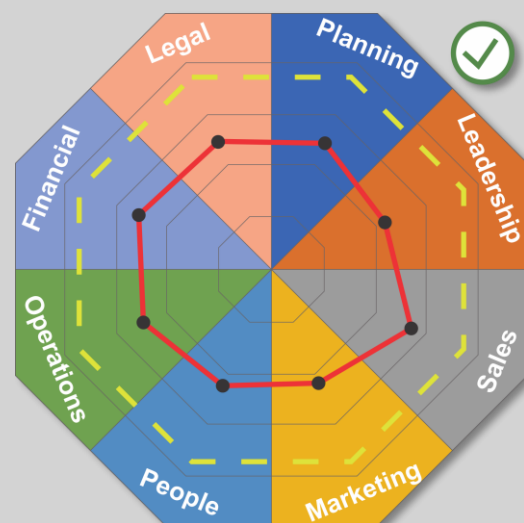
One thing that has been consistent for us during the past five decades is that 75 - 80% of business owners do not have a strategic exit plan. In fact, the majority of business owners we have met need to ask themselves these 5 questions:

1. Do you have a clear understanding of the value of your business? How could you improve that value?
2. Do you realize the importance of proper tax planning and corporate structure and how proper planning can help put more money in your pocket when you sell your business?
3. Have you considered passing the business along to the next generation, which could help ensure its continued success?
4. Have you explored the [alternatives to selling](#)?
5. Do you have a plan for "life after business"? It is important to think about what you really want to do in your retirement because, quite often, playing golf isn't enough.

There are financial models that clearly illustrate that a 20 - 25% increase in revenue will not only double profits, but also double or triple value. The owners are often simply too busy in the daily operation of running their businesses to truly see or realize the opportunities available to them.

Most businesses are operating at 60 - 75% of capacity with an efficiency rate between 70 - 85%. In other words, the 8 business fundamentals are not aligned:

- | | |
|---------------|---------------|
| 1. Planning | 5. People |
| 2. Leadership | 6. Operations |
| 3. Sales | 7. Financial |
| 4. Marketing | 8. Legal |



Creating an effective exit strategy plan is a multi-step process that not only requires time but advice from several experienced professionals such as accounting and legal. Many times, we encourage our clients to form an [“Advisory Council”](#) to assess and develop a realistic exit strategy. A proper exit plan can often take 6 to 12 months to create and another 12 to 24 months to implement and effect the changes necessary to realize the full potential of the business when the time does come to sell it.

[Download the Robbinex 10/5/3 Strategic Planning Workbook](#)

Bottom Line

Remember, the true value of any business lies in its ability to make a profit in the future that requires the following: Sustainability, growth, along with profitability now.

Are you thinking of selling your business? You need to start a strategic plan 3 to 5 years in advance. Robbinex is hosting a Business B4 Breakfast series of Strategic Planning Interactive Workshops that may be of interest to you. To learn more visit <https://www.robbinex.com/selling-your-business-workshop/>

About the Author



Doug Robbins, President & Founder of Robbinex Inc.

Doug is an internationally renowned Canadian Business Intermediary and Business Broker. He is a seasoned businessman having completed more than 1,500 assignments relating to advising clients on Mergers and Acquisitions (M&A); valuations; transferring businesses to the next generation; partnership resolutions; refinancing; along with numerous other consulting activities.

Doug has always actively supported the M&A profession through investing significant time and energy by way of memberships, lecturing, and presenting workshops for numerous M&A organizations.

ROBBINEX[®]

Our Execu-Brief[®] newsletter provides valuable insights for both Buyers and Sellers. To sign up to have our Execu-Brief[®] delivered to your inbox 10 times a year visit our website: www.robbinex.com/resources/execu-brief/

 1-888-ROBBINEX (762-2463)

 www.robbinex.com

 M & A
WORLDWIDE