

**Is Your Friend’s Advice Worth Listening to for Your Business Exit?**

When a business owner begins to think about a life-changing event, such as an exit from their business, it is common for that owner to seek the advice and counsel of others who they trust. Often times these owners approach trusted friends to mention that they are thinking about selling the business, seeking their feedback. The friend, being well-intentioned, gives the best advice that he / she can without having a real understanding of the complexities involved, giving feedback that is without any basis upon which such a large decision like selling a business should be made. This newsletter is written to address this common issue among business owners and to hopefully help owners see that there is a better path to gaining the expertise that you need.

**Who Can Owners Talk to And Trust?**

Business owners spend their lives negotiating with those around them.

Employees have needs, customers have needs, vendors and suppliers have needs as do family members.

Owners often rely on their network of friends who are some of the only folks who are not asking the owner for anything. And, the reason that a friend may seem like an ideal person to confide in for this conversation is because a business exit is both a business and personal decision. Further benefits of having this conversation with a friend is that it is

objective, can be trusted to be kept confidential and it is free advice.

**What is a ‘Professional Advisor?’**

One definition of a ‘professional’ is someone who has been paid to render advice and/or a service to another. Professionals come with experience and carry timely and relevant market information relating to their profession. Friends don’t charge money but they also don’t always have the right information. The question, therefore, when seeking the advice and counsel of others, is whether or not the person offering the information has ever been paid by anyone to provide advice and guidance on the topic being addressed.

**Information is in Abundance Today**

Despite the fact that an exit is both a personal and business decision, the information around an exit should be gathered in the proper context and organized in a proper manner. Complicating the landscape is the fact that today’s information age and explosion of available data has made the exit process more difficult for many owners – there is simply too much information ‘out there’. And, without organization or a framework, owners can spend countless hours accumulating information online and through other sources (such as asking friends) without being able to properly use

that information to make meaningful decisions.

### **The Natural Bias of Many Information Providers**

Owners are often not very trusting of information because often-times information is disseminated by folks who have a bias and a service to sell. For example, someone who sells businesses for a living will extol the virtues of selling your business. Whereas an advisor who does estate planning will focus the conversation on the importance of beginning the planning with that service.

### **Finding a Quarterback**

A properly designed exit planning conversation, engagement and / or execution will involve a number of professionals. Business owners are well served in having one professional available to coordinate these different service providers – something that a friend cannot easily do.

For example, owners who are thinking about selling or exiting their businesses will likely not know where to begin. If an owner can start with an objective service provider and discuss a pro-active, written plan to identify their goals and to learn about their options, then that is a good start.

Even after this ‘quarterback’ gets the planning conversation and process started, other professionals will be needed. The quarterback of your plan should be in a position to find the professionals that are needed for both personal and business planning and coordinate those resources to assist with your process.

### **Building a Team**

An owner needs a team of experienced professionals – not a friend - to build and execute a proper plan for the transition of

their company. The quarterback of the exit plan should be in a position to marshal these resources and bring the right professionals in at the right time. For example, some owners will begin the execution of their plan with business improvements. There are an array of business consultants that may be needed. Or owners may start the process with estate planning, or personal financial planning, or with any number of priorities that are discovered in the planning process. Having access to the right people is a critical part of the planning and execution process.

### **Concluding Thoughts**

For all of these reasons, your friend is likely not the best person to be advising you on your business exit decision. Rather, making this type of decision should be seen as a process of gathering the right information, putting a plan together, and then determining what type of additional service providers are needed to help you toward achieving your goals. We hope that this newsletter helped you see the value of hiring professionals versus asking a friend about the right way to go about exiting your business.

[Cathey Paine is a registered representative of Lincoln Financial Advisors Corp.](#)

Securities offered through Lincoln Financial Advisors Corp., a broker/dealer (member SIPC). Investment advisory services offered through Sagemark Consulting, a division of Lincoln Financial Advisors Corp., a registered investment advisor. Insurance offered through Lincoln Marketing and Insurance Agency, LLC and Lincoln Associates Insurance Agency, Inc. and other fine companies.

Please do not send any trading or transaction instructions through this email. They will not be honored or executed. Should you need immediate assistance, please call the Lincoln

Financial Advisors trade desk at 1-800-237-3815.

If you do not wish to receive future e-mails from me, please call me at 818-540-6945, fax me at 818-540-6991, or e-mail me at [Cathey.Paine@lfg.com](mailto:Cathey.Paine@lfg.com). We will comply with your request within 30 days.

Lincoln Financial Advisors Corp. and its representatives do not provide legal or tax advice. You may want to consult a legal or tax advisor regarding any legal or tax information as it relates to your personal circumstances.

CRN-1974791-121917