

Exit Strategies for Your Business

By Stever Robbins

If you're thinking ahead to the day when you'll no longer run your business, think about these five exit strategies now so you'll be prepared for your future.

Entrepreneurs live for the struggle of launching their businesses. But one thing they often forget is that decisions made on day one can have huge implications down the road. You see, it's not enough to build a business worth a fortune; you have to make sure you have an exit strategy, a way to get the money back out.

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Begin with the end in mind

Sometimes, the perplexed look I get is because I am talking to a founder of a start-up company and I have just asked about their exit strategy. I think the "look" is because most have all of their energy focused on "getting started" versus

"exiting". Sometimes, it is just because the founders are afraid to answer for fear it might incite visions in investors of the founder leaving. However, regardless of the thought process, it is important for founders to contemplate their exit strategy as they seek outside investments. Probably sophomoric to mention but most investors primarily invest in order to make money! There can be strategic reasons or defensive reasons to invest, however, most invest for the return.

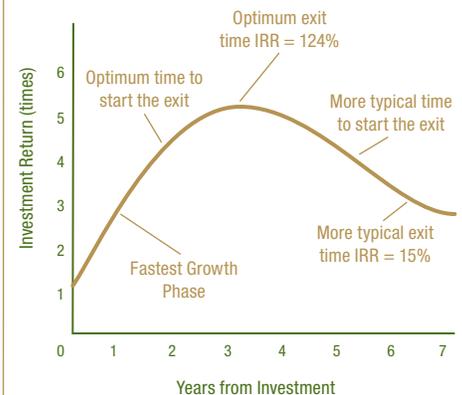
Typical exit strategies include acquisition by another firm or a market exit through an IPO. The thought process around an IPO includes the size of the market, the growth potential of the market, competitors and also the mood of the market in general. All companies aren't IPO candidates; it is important to recognize this and not include this as a possible strategy if it is clearly not one. Acquisition strategies typically include an analysis of who might be buyers and at what level they might be interested. Too often, companies grow and raise capital to a level where they limit the number of companies who could afford to acquire them. Knowing who might be the acquirer can be invaluable as you shape your future and therefore is important to know as you look to include investors in your long term vision.

Timing Your Exit - Don't Ride It Over the Top

AngelBlog.net

Most entrepreneurs wait too long to start thinking about their exit.

They usually sell their companies for much less than they could have. The valuation curve, and return to shareholders, usually ends up looking something like this.



That's exactly what I did in my first company. (It was the first time I lost several million dollars, and the first of many similarly expensive - and valuable - lessons about exits.)

Most of the technology companies I've known well exited too late. Yes, most. "Riding it over the top" is by far the most common exit scenario.

The fundamental cause is simply our fundamental human natures.

The goal of this article is to help you time your exits better.

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Partner's In The News

Receivable Solutions Provider FTNI Partners with IARP, Leading AR Professional Association

Orlando, Fla. (PRWEB) October 5, 2010

FTNI will be a silver level partner with International Accounts Receivable Professionals, tapping into a valuable opportunity to communicate its company's name, products, and services to members of IARP and its sister organizations, International Accounts Payable Professionals (IAPP) and The Association for Work Process Improvement (TAWPI).

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Discussion: How Angels' Growing Influence Affects Venture Capital

AngelBlog.net

Angels – venture capitalists can't live with 'em, can't live without 'em.

On one hand, angel investors are increasingly sparking tension in the venture industry. They're sparring with VCs on blogs and conference panels over the value they offer entrepreneurs, while battling with them behind the scenes for access to the hottest start-ups. In some cases, well-connected angels are banding together to form large pools of capital, blurring the line between them and VCs.

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IRS starts mopping up Congress's tax-reporting mess

By Neil deMause

NEW YORK (CNNMoney.com) -- With a new mandate looming that will require business owners to file millions more tax forms, the Internal Revenue Service has begun the daunting process of figuring out how to turn the law's sweeping demands into actual rules for taxpayers.

► [Click here to read the full article.](#)

New Federal Law: Zero Taxes on Gains on Small Business Investments

RainSourceCapital.com

Last week, President Obama signed the Small Business Jobs Act of 2010, which includes several benefits for small businesses and also a benefit for angel investors. We want to get this information out to you, as this benefit relates to investments made between September 27 and December 31, 2010 and may be of interest to many of you.

► [Click here to read the full article.](#)



Employee Spotlight

Tim Thornton

Tim has been working the last 10 years in the Twin Cities doing Accounting and Finance for small/mid-size corporations that have included a Restaurant Equipment Supply Company, a Land Developer, and a Screen-print/Embroidery company. His experience includes Bookkeeping, Payroll, H/R, Inventory, Budgeting, Forecasting, and Sales Tax Reporting. He graduated from Metropolitan State University in St. Paul, MN with a BS in Accounting.

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