

Exit Readiness for entrepreneurs

The role of employee incentives and maximising business value

Exiting your business is one of the most important decisions you will make. The right preparation not only maximises value but also ensures you and your family are financially secure for the future. A successful exit doesn't happen by accident, it is planned, structured and optimised over time.

Too often, business owners only start preparing when a buyer is already at the table. By then, opportunities to optimise value, incentivise key people and address potential issues may have been missed.

Whether you are planning to sell your business in the next 12 months or simply considering your long-term options, the actions you take today can have a significant impact on value, tax outcomes and deal success.

What does 'exit ready' mean?

Most businesses are underprepared for sale. This can result in lower valuations, delayed transactions, and avoidable tax leakage. Businesses that prepare early are often able to achieve higher valuations, smoother transactions, better post-exit outcomes and alignment with your personal objectives.

Being exit ready means ensuring your business can operate successfully without over-reliance on the founder, whilst maximising its attractiveness to potential buyers. This includes:

- A clear growth story and value proposition
- Robust financial reporting
- Efficient tax structures
- A motivated and retained management team
- Well-documented governance and compliance processes
- A clear succession and leadership strategy

When should I start planning for an exit?

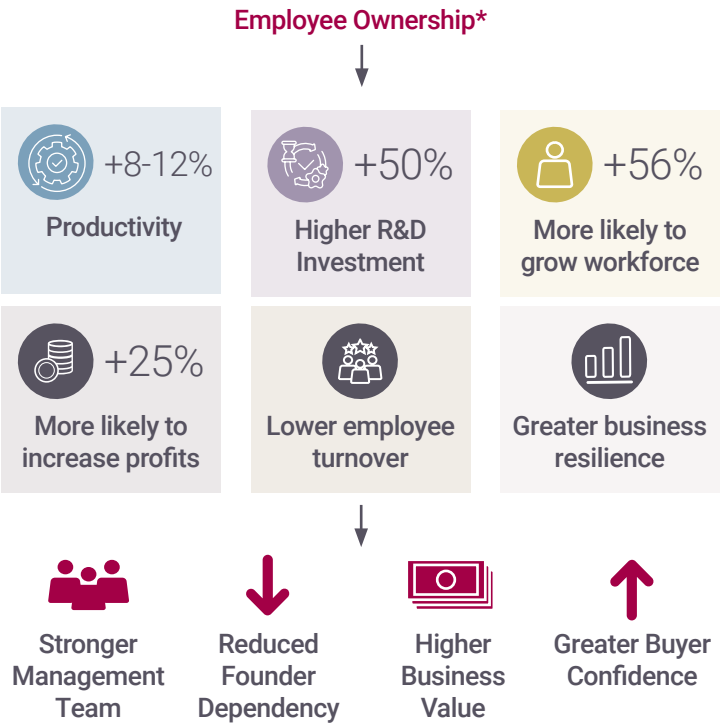
Many of the actions that create value before a sale can take time to implement and demonstrate their effectiveness. The earlier you prepare, the greater the range of options and the better the outcome. Planning now can ensure you:

- Maximise business value
- Reduce deal risk
- Optimise shareholder tax outcomes
- Strengthen management succession
- Improve buyer confidence
- Increase negotiating leverage
- Achieve your personal and financial objectives



The role of rewards – how can employee incentives increase business value?

One of the biggest factors affecting value is whether key employees are motivated to drive growth and remain with the business through a transaction. Buyers want confidence that key people will remain engaged, continue driving growth and support the business through and beyond a transaction. Research consistently demonstrates that a company with employee ownership is more likely to thrive as follows:



*Source: Employee Ownership Association Knowledge Programme 2023



There is no one size fits all solution. The best incentive plan depends on your business objectives, growth stage, shareholder structure and exit strategy. For many owner-managed businesses, Enterprise Management Incentive (“EMI”) options and growth shares often provide the strongest combination of tax efficiency, employee engagement and value creation. Depending on your objectives, solutions may include:

	PLAN	TAX	ALIGNMENT	RETENTION	EXIT VALUE
	Enterprise Management Incentive (“EMI”)	★ ★ ★ ★ ★	★ ★ ★ ★ ★	★ ★ ★ ★ ★	★ ★ ★ ★ ★
	Growth Shares	★ ★ ★ ★ ☆	★ ★ ★ ★ ★	★ ★ ★ ★ ★	★ ★ ★ ★ ★
	Company Share Option Plan (“CSOP”)	★ ★ ★ ★ ☆	★ ★ ★ ★ ☆	★ ★ ★ ★ ☆	★ ★ ★ ★ ☆
	Unapproved Options	★ ★ ☆ ☆ ☆	★ ★ ★ ★ ☆	★ ★ ★ ★ ☆	★ ★ ★ ☆ ☆
	Phantom Shares	★ ☆ ☆ ☆ ☆	★ ★ ☆ ☆ ☆	★ ★ ★ ☆ ☆	★ ★ ☆ ☆ ☆

The team can assist and guide you through which plan will be best suited for your commercial objectives. A buyer will often look closely at the strength and stability of the management team. Incentivising the right people before a transaction can be a powerful value driver.

What are the most common exit readiness pitfalls?

Founder dependency:

The business relies too heavily on one individual.

Misaligned management team:

Key employees are not incentivised to support long-term growth.

Historic share scheme issues:

Unresolved employment tax or ERS compliance concerns.

Shareholder disagreements:

Different objectives among owners can create deal friction.

Inefficient tax structuring:

Opportunities for planning have been missed.

Incomplete documentation:

Issues emerge during due diligence, causing delays or valuation reductions.

How we can support you

At Blick Rothenberg, we support owner-managed businesses at every stage of the exit journey ensuring you achieve maximum value, tax efficiency and deal certainty.

We take a proactive, commercial and highly practical approach to:

- Assessing readiness for sale, succession or a partial exit
- Identifying value drivers and addressing potential risks
- Shareholder and business tax planning, including pre-sale restructuring
- Reward and incentive planning, including EMI and management equity arrangements
- Strengthening financial reporting and preparing for buyer due diligence
- Reviewing share capital, ownership structures and historic compliance matters
- Aligning and retaining key management teams
- Supporting transaction structuring and liaising with legal and corporate finance advisers throughout the process

Our multidisciplinary specialists bring together expertise from across Entrepreneurial Services, Corporate Tax, Private Client, Reward & Incentives and Transaction Support, providing joined-up advice throughout the exit journey.

Would you like to know more?

For some business owners, success means achieving the highest possible sale price. For others, it is about protecting employees, preserving a legacy, ensuring a smooth succession, or securing long-term financial security for themselves and their families.

Whatever your objectives, early planning can make a meaningful difference to the outcome. By understanding your options, addressing potential challenges and putting the right structures in place, you can maximise value, minimise risk and approach a future exit with confidence.

If you are considering an exit in the next three to five years or simply want to understand how exit-ready your business is today, please get in touch with **Neil Morrison** or **Malli Kini** or your usual Blick Rothenberg contact.



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