

ACHIEVING A LEGENDARY EXIT

A Guide to Impactful Business Transition
That Will Change How You Live & Work Today

INTRODUCTION

The team at Legendary Exits has a proven record of guiding business owners through some of the most pivotal moments of their careers. Our founder, Micah Brandenburg, has spent years honing his expertise in business exits, family-generational transfers, and strategic transitions. With experience advising companies across a wide range of industries, we understand the intricacies of the exit process—from positioning a business for maximum value to carefully aligning personal financial goals with a legacy plan. We know this isn't just a transaction; it's a transformative experience for both the owner and the business, one that requires vision, consistent daily execution, and an unwavering commitment to quality.

A legendary exit doesn't just result in a sale; it's an opportunity to make a lasting impact on employees, customers, and the community, setting up the business for continued success even after ownership has changed hands.

To us, a legendary exit empowers the owner to:



This guide is designed to be your roadmap to an exit that achieves both financial prosperity and personal satisfaction.

Purpose of this Guide

Selling a business is one of the most significant decisions a business owner will ever make. Yet despite the high stakes, many owners lack a clear roadmap. As a result, they fail to maximize their financial return or achieve their non-financial personal goals.

This guide has a singular purpose:
to empower business owners like you to understand,
prepare for, and ultimately achieve a legendary exit.

We'll dive into why many exit attempts fall short, reveal the mindset shifts necessary for a successful exit, and outline key insights that can transform your approach.



We've seen firsthand that the most successful exits happen when owners approach the sale as a strategic, well-planned journey, not a last-minute decision.

Through carefully developed insights and action-oriented guidance, this guide will provide the resources and knowledge you need to create a blueprint for your own legendary exit.

Incentives for Readers

As you make your way through this guide, you'll find practical advice, strategic frameworks, and real-world examples designed to not only inform but inspire. If you want to double your valuation and increase your profits by 30-40% this guide lays out a framework to do that. You're also getting a behind-the-scenes look at the strategies that have guided successful exits, as well as a clear path forward. This isn't just information—it's a tool to help you take control of your exit, and ultimately, your legacy.

For those looking to take this journey further, our team offers personalized strategy sessions to help assess where you are today, where you want to go, and what needs to happen to bridge that gap. This session is designed to provide personalized insights into your business exit strategy. Let this guide be the beginning of your journey towards a profitable, impactful, and legendary exit.

This guide lays out a framework to double your valuation and increase your profits by 30-40%



OUTLINE

This guide takes a comprehensive look at the entire exit process, breaking it down into manageable sections to equip you with both the big-picture vision and the practical steps you'll need:

Understanding the Challenges of Exiting

We'll start by examining the common challenges business owners face when selling their companies, including some eye-opening statistics on why many fail to achieve their exit goals.

Shifting Your Perspective

Next, we'll dive into the mindset changes necessary for a successful exit. Selling a business requires more than tactical know-how; it requires a mental shift from operational focus to strategic legacy building.

Key Insights for Achieving a Legendary Exit

This section lays out three key insights that will be central to your exit strategy: living a life of significance, aligning financial goals with your exit, and building a best-in-class business that attracts the right buyers.

Exploring Each Insight in Depth

We'll delve into each of these three insights, breaking down the actionable steps, strategic frameworks, and long-term planning that set a strong foundation for a successful exit.

Review and Conclusion

Finally, we'll bring it all together with a recap of essential insights and actionable steps to encourage you to begin your journey toward a successful exit today.



CASE STUDY | Building and Selling a Digital Legacy: The Story of MailChimp

The Founders' Story: Ben Chestnut and Dan Kurzius

Ben Chestnut and Dan Kurzius, the founders of Mailchimp, exemplify the entrepreneurial spirit of identifying a market gap and building a product that solves a specific problem. Both founders came from creative backgrounds—Chestnut in web design and Kurzius in web development. Originally, they ran a small web design company in Atlanta, Georgia, which offered email marketing services as a side tool for clients. However, after realizing the demand for email marketing software for the underserved SMB Segment, they made the strategic decision to pivot Mailchimp into a full-time email marketing platform. Their story shows the importance of listening to the market and capitalizing on emerging needs, a takeaway that resonates with every business owner looking to create lasting value in their company.

Origin Story: Evolving from a Niche to a Global Powerhouse

In the early 2000s, email marketing was emerging as a vital tool for customer engagement, but small and medium-sized businesses (SMBs) were underserved. Affordable, user-friendly email tools were scarce, creating a clear gap in the market. Recognizing this opportunity, Ben Chestnut and Dan Kurzius pivoted Mailchimp to focus on SMBs, tailoring their platform to meet the unique needs of this segment. This strategic decision became the foundation for Mailchimp's initial success.

However, Mailchimp didn't stop with SMBs. As the company grew, they expanded their reach to serve multiple market segments, including 70% of Fortune 500 companies. By diversifying their client base while maintaining their core focus on simplicity and usability, Mailchimp was able to scale without losing sight of its origins. This ability to adapt and address varying needs propelled the platform to \$800 million in annual revenue by 2021, establishing it as a global leader in email marketing.

Mailchimp's journey highlights a powerful lesson for business owners: start with a niche to gain traction, then strategically expand to address broader market opportunities. Whether focusing on an industry, company size, or specific offering, this approach creates a scalable, adaptable business model that attracts customers and acquirers alike. By doing so, Mailchimp became not just an email marketing tool for SMBs but a trusted partner for enterprises of all sizes, ultimately positioning itself as a highly attractive acquisition target.



Scaling to Success: From Small Business to Industry Giant

Mailchimp's trajectory was defined by growth from internally generated cash flows, as Chestnut and Kurzius resisted taking outside funding from venture capital. By remaining self-funded, Mailchimp kept complete control over its vision, strategic decisions, and growth rate. This decision was crucial in creating a company culture that prioritized customer satisfaction, product innovation, and financial independence. While self-funding slowed their pace compared to venture-funded tech startups, it allowed Mailchimp to keep its focus sharp, retain all equity, and maximize value when the time came for their exit.

By 2021, Mailchimp had over **1,200 employees and had captured 60% of the email marketing software market share** among SMBs in the U.S. alone. The company's commitment to organic growth also meant it was profitable from the start. This type of long-term vision for building value is one that business owners considering an exit should take note of. Companies with a steady growth trajectory, low debt, and high profitability are often seen as attractive acquisition candidates, offering a stable foundation for future growth under new ownership.

The Financial Success Story: The 2022 Intuit Acquisition

Mailchimp's biggest financial milestone came in 2021, when Intuit, the parent company of products like QuickBooks, TurboTax, and Credit Karma, acquired it for a staggering \$12 billion in cash and stock. This acquisition represented one of the largest purchases of a privately held, bootstrapped company in history. To put this in perspective, Mailchimp's founders, with no outside investors, managed to turn a small, self-funded startup into a multibillion-dollar enterprise—a feat that underscored the immense value of a disciplined, customer-focused growth strategy.

The Intuit acquisition deal was structured to include \$5.7 billion in cash and \$6.3 billion in stock. Additionally, the deal included \$200 million in retention bonuses for Mailchimp employees, ensuring continuity and rewarding the team's commitment to the company's success. The company's valuation had grown exponentially from its early days as a bootstrapped startup, and the acquisition made headlines worldwide, reinforcing the potential rewards of a strategically planned exit.

For business owners, the Mailchimp–Intuit acquisition is a powerful example of the benefits of being acquisition-ready at all times, even if selling isn't on the immediate horizon. Building a business with a solid foundation, growth potential, and loyal customers can make an acquisition highly lucrative when the timing is right.



Key Takeaways from Mailchimp's Success

Mailchimp's journey from a small design company to a \$12 billion acquisition powerhouse offers several lessons for business owners:

- **Identify and Serve a Niche Market:** Focusing on SMBs allowed Mailchimp to carve out a unique place in the crowded tech market. By tailoring products to meet a specific need, they developed a loyal customer base and dominated their niche. Business owners should evaluate their markets carefully, identifying untapped segments that could set them apart through focusing on a subset of the total market.
- **Prioritize Organic, Profitable Growth:** While many high-growth companies rely on external funding from venture capital, Mailchimp chose to remain independent and profitable. This approach meant that when the time came to sell, the company held all equity, leading to a substantial payout for the founders. This path may require more patience, but building a profitable company can increase leverage in exit negotiations.
- **Plan for Long-Term Value Creation:** Mailchimp built a sustainable, scalable model by focusing on product innovation, customer loyalty, and operational efficiency. Business owners can create exit-ready companies by focusing on these same factors, which increase appeal to potential buyers.
- **Build an Attractive Culture:** Mailchimp's employee-first culture resulted in a motivated team, which is a valuable asset in any acquisition. Companies with strong cultures and low turnover rates often see higher valuations, as buyers are more likely to invest in businesses with stable, satisfied teams.
- **Timing and Strategic Partnership:** Mailchimp chose a buyer that aligned with its long-term goals, ensuring continuity and expansion of its vision under Intuit. The right strategic partner can amplify your company's value while preserving the legacy you've built.

By analyzing Mailchimp's story, business owners can see the potential rewards of a carefully planned exit strategy. From identifying market needs to preserving control and focusing on sustainable growth, the founders of Mailchimp followed a path that set them up for one of the most significant business sales of a privately-held company in recent history. Their journey is a testament to the power of discipline, strategy, and patience in creating a valuable company that is acquisition-ready on your terms.



EXIT CHALLENGES

For many business owners, the idea of exiting a company they've dedicated years to is both exciting and daunting. Selling a business often represents the culmination of years—if not decades—of hard work, persistence, and personal investment. But despite the dream of a smooth transition, the process can be riddled with challenges. When owners aren't prepared, these obstacles often result in a sale that falls short of their expectations. To ensure a successful exit, it's essential to understand the key statistics and common challenges faced in the process of selling a business.

Key Statistics about Business Exits

Data on business exits can be sobering, underscoring just how complex and challenging the journey can be. Here are a few critical statistics every owner should consider:

70% of Owners Fail to Sell Their Business
According to industry research, around 70% of businesses on the market never actually sell. This is a staggering figure, given the emotional and financial investment most owners have in their business. 80% of the Average Owner's Net Worth is trapped inside their business. The high failure rate can be attributed to a range of factors, from overvaluation and lack of buyer interest to inadequate preparation. Sellers who aren't proactive in getting their business "sale-ready" often find themselves unable to complete a successful transaction, leaving them without an exit strategy and often in financial limbo.

90% of Owners Don't Maximize Price and Terms
Even among the businesses that do sell, about 90% fail to maximize the sale's potential in terms of price and terms. Many owners, especially those selling a business for the first time, underestimate the importance of preparation and professional guidance. They may lack a clear sense of their company's true value, fail to negotiate favorable terms, or overlook critical deal structures that could have worked to their benefit. Missing out on these details can lead to a sale that feels financially unsatisfactory and misses opportunities for long-term gain.

70% of Business Owners Experience Regret Post-Sale
One of the most telling statistics is that 70% of owners report deeply regretting the sale of their business. Why? Often, it's a combination of unfulfilled financial expectations, an abrupt loss of purpose, and, sometimes, an incomplete plan for life after the sale. Transitioning from the role of owner to a new, less structured lifestyle can feel disorienting and even depressing. The takeaway here is that financial planning alone isn't enough—a successful exit requires mental and emotional preparation as well.



The Importance of Recognizing Your Place in the Exit Journey

Understanding where you are in the exit process is critical to overcoming its challenges. Timing plays a pivotal role—exiting well typically requires a minimum of 3-5 years to prepare effectively. If you have less time than this, your radar should be up: the likelihood of failure increases significantly. Whether you're just starting to consider a sale or aiming to exit within a few months, being honest about your stage of preparation is essential. This includes assessing your business's value, identifying gaps, and crafting a plan for life after the sale. Without this preparation, you risk leaving significant value on the table and being unprepared emotionally or financially for what comes next.

These statistics should provoke curiosity:

What are the 30% of owners who successfully sell their businesses doing differently?

By adopting a strategic approach and learning from those who succeed, you can avoid common pitfalls and position yourself for a rewarding, regret-free exit. Recognizing where you stand and taking action early gives you the best chance to not only maximize your business's value but also transition confidently to your next chapter.



SHIFTING PERSPECTIVE

Exiting a business isn't just a financial transaction; it's an emotional and mental shift as well. To truly achieve a legendary exit, business owners need to change their perspective from one focused on day-to-day operations to one that embraces the broader vision for their future. This shift requires a different mindset—one that prioritizes value creation, purpose, and strategic decision-making that aligns with your long-term goals.

The Need for a Change of Mindset

Many business owners are deeply invested in the identity of their company, seeing it as an extension of themselves. For years, their role as the owner and leader has given them purpose, meaning, and financial security. However, this attachment can make it difficult to approach the sale objectively, often leading to overvaluation, hesitation, or even a reluctance to sell at all.

**To successfully navigate an exit, owners must
adopt a mindset that views their business as an
asset rather than an identity.**

This mindset shift involves recognizing that a successful exit is about more than getting the right price—it's about creating a legacy, achieving personal goals, and ensuring the continuity of the business under new leadership. By viewing the business from an investor's perspective rather than a founder's, owners can better assess its value, make more strategic decisions, and become more adaptable to the exit process.

Moving Forward

Transitioning to an exit mindset doesn't happen overnight; it requires a framework that helps guide your thoughts, priorities, and decisions. Here are some steps to help in shifting your perspective and setting a foundation for a successful exit:

- ▶ **Assess Your Goals:** What do you hope to achieve with your exit? Some owners prioritize financial security, while others are more concerned with preserving the culture they've built, creating opportunities for employees, or funding a major gift to a cause they care deeply about. Defining these goals helps you stay focused on the aspects of the sale that matter most to you and serves as a guiding light throughout the process.



- **Identify Key Drivers of Value Creation:** A strong exit strategy includes a clear understanding of your business's key value drivers. 80% or more of a company's value comes from its intangible assets: Customer Capital, Employee Capital, Operating Capital, and Brand/Culture Capital. Crafting a Vision of Maturity in these 4 areas, assessing where you are today, and identifying ways to increase maturity in these 4 areas not only increase profits but also drives up valuations.
- **Plan for Life After the Sale:** Transitioning out of a business you've built is a significant life change. Consider your post-exit goals—whether it's starting a new venture, investing in philanthropy, or spending time with family. Mapping out a vision for life after the sale ensures you aren't left feeling aimless and allows you to plan your exit in a way that aligns with your personal aspirations.
- **Engage Trusted Advisors:** Exiting a business can be complex and, at times, overwhelming. You need a team of experienced personal and business advisors to help you make better decisions, anticipate challenges, and ensure you're maximizing the potential value of the sale. From financial planners and tax consultants to business brokers and mentors, a strong support team can offer objective guidance throughout the exit process.
- **Reframe Success Beyond Financial Terms:** Finally, true success isn't solely about the final sale price. While the financial aspect is important, a fulfilling exit also involves a sense of legacy and purpose. Ask yourself what impact you want to have on your industry, your employees, and your community. Shifting to this broader perspective enables you to approach the sale with a balanced view, finding fulfillment not just in financial gain but in the positive legacy you leave behind.

By adopting a new mindset and using this framework, you'll be prepared to approach your exit strategically, both financially and emotionally. This shift in perspective is essential to achieve a legendary exit that not only meets your financial goals but also leaves a lasting legacy for your business, employees, and the industry.



KEY INSIGHTS

Achieving a Legendary Exit

This section of the guide is the heart of what makes an exit not just successful, but truly legendary, transforming a transaction into a lasting legacy that enriches both the business owner and the future they envision. Many business owners view an exit purely as a financial endgame, but the journey to an impactful and fulfilling exit is much more than just the sale. It's about strategic foresight, personal purpose, and building a best-in-class company that thrives beyond the founder's tenure.

These three insights provide a roadmap for owners aiming to maximize both financial and personal satisfaction from their exits.

#1 Living a Life of Significance

#2 Leveraging Your Exit to Fulfill Personal Financial Goals

#3 Building a Best-in-Class Business

Let's delve into each of these three insights, breaking down the actionable steps, strategic frameworks, and long-term planning that set a strong foundation for a successful exit.



INSIGHT #1

LIVING A LIFE OF SIGNIFICANCE





The concept of living a life of significance is about building a legacy that extends beyond financial wealth and business success. While traditional success is often defined by more revenue, people, and bigger buildings, significance shifts the focus to the deeper impact an owner leaves behind. For business owners contemplating an exit, understanding this distinction can make all the difference between a standard transaction and a legacy-rich exit that reflects personal values and goals.

Definition and Importance

Living a life of significance means aligning one's actions, decisions, and pursuits with values that matter on a deeper level. For business owners, this isn't something you should be putting off until after you sell, but something **you should be pursuing NOW**. What would your life look like if you lived a life of significance today? This could mean using the platform and resources built through years of hard work to create positive change—whether in the community, industry, or even globally. Research shows that individuals who pursue purpose beyond profits report higher levels of satisfaction, both during and after their careers. A Harvard Business Review study found that executives who focused on purpose-driven outcomes were 30% more satisfied in retirement than those who prioritized traditional metrics of success alone.

A focus on significance offers a chance for business owners to step back and assess the real “why” behind their life's work. For some, this might mean improving lives in underserved communities; for others, it could involve supporting innovation or leaving a legacy for future generations. Whatever the individual vision, pursuing significance offers a sense of fulfillment and contribution that financial success alone often cannot provide.

Contrast with Traditional Success

Traditional success metrics—like revenue, market share, and profitability—are necessary, yet they represent only one dimension of a fulfilling exit. While financial growth fuels a business, significance brings purpose to the results of that growth. Without a sense of purpose, business owners can experience a “success void” post-exit, as they grapple with an emptiness despite achieving their financial goals. In fact, **nearly 70% of former CEOs report experiencing feelings of loss and lack of purpose after selling their businesses**, indicating a gap that traditional success does not fill.





Living a life of significance doesn't mean abandoning financial success; rather, it builds on it.

Living a life of significance doesn't mean abandoning financial success; rather, it builds on it, adding layers of fulfillment and personal meaning that enhance life after the exit. When business owners incorporate significance into their exit strategy, they're more likely to experience enduring satisfaction in their post-business lives.

Steps to Shift Towards Significance

To live a life of significance, business owners need to look inward and redefine success on their own terms. This involves intentional steps that guide them toward a more fulfilling, purpose-centered life.

- **Defining Personal Values:** Every journey toward significance begins with a deep understanding of personal values. Values are the guiding principles that influence an owner's life choices and business practices. By identifying core values, owners can gain clarity on what they truly care about, allowing them to align their actions today and after the exit with those values.
- **Identifying Purpose and Uniqueness:** Purpose is the central force that drives meaningful impact. Each owner brings a unique combination of strengths, experiences, and passions to their work. By exploring what uniquely drives them, owners can define their purpose, making it easier to pursue avenues that align with both their talents and the legacy they wish to leave.
- **Creating a Vision for the Future:** Creating a future vision extends beyond retirement plans; it's about identifying a meaningful direction post-exit. Owners should leverage their values, purpose, and uniqueness in imagining new ways of impacting their industry, community, or loved ones in the next chapter of their life. This vision can act as a powerful motivator, guiding them through the transition.
- **Building Community for Support:** A strong support network is essential for making a significant transition. Surrounding oneself with mentors, like-minded individuals, and advisors provides both encouragement and accountability. Community offers perspective, motivation, and constructive feedback as owners move forward in their journey.



ACTION ITEMS

To begin living a life of significance, business owners can take several actionable steps that allow them to define and clarify what matters most. These steps form the foundation of a values-based exit strategy.

- 1. Defining Values, Purpose, Uniqueness, and Calling:** Reflecting on values, purpose, uniqueness, and calling is crucial. This involves setting aside time for self-reflection and even journaling. Owners might start by listing the values they hold dear, considering the passions they'd like to pursue post-exit, and identifying unique traits or abilities they can leverage to benefit others. If you're struggling to start, pull together three people who know you well and ask them for their input on those topics to get you started.
- 2. Benefits of Leading a Life of Significance:** Leading a life of significance means creating a lasting legacy that aligns with your values and impacts others. By envisioning your next chapter and connecting with like-minded individuals, you can find deeper satisfaction, foster positive relationships, and amplify your impact. This values-driven approach helps you avoid regret from a lack of purpose after the exit and provides a compelling vision to move towards.
- 3. Recommended Resources:** Numerous resources exist to help business owners explore significance in their lives and work. Books such as *The Purpose-Driven Life* by Rick Warren or *Start with Why* by Simon Sinek offer frameworks for identifying purpose. Workshops or seminars focused on values alignment or legacy planning can provide practical insights as well.

When business owners center their exit strategy around significance, they position themselves for a fulfilling transition that honors both their achievements and aspirations. This approach goes beyond wealth accumulation, setting up a legacy that resonates on a personal, organizational, and societal level. Ultimately, a life of significance enriches not just the business owner but also everyone touched by their vision and values.



INSIGHT #2

**LEVERAGE YOUR
EXIT TO FULFILL
PERSONAL
FINANCIAL GOALS**





A well-planned exit can fully fund an owner's financial future while allowing them to pursue new goals or passions post-sale. Financial independence after an exit isn't guaranteed without a clear, strategic approach to personal wealth. For most business owners, their company represents their largest financial asset, and unlocking its full potential requires intentional planning. Leveraging an exit for financial goals means creating a custom plan that addresses the owner's financial aspirations, lifestyle requirements, and the legacy they wish to leave behind.

The Unique Planning Needs of Business Owners

A personal financial plan acts as a roadmap for life after an exit, offering clarity on the lifestyle you want to sustain, the causes you wish to support, and the investments you hope to pursue. Yet, only 30% of business owners create a comprehensive financial plan before selling, which often results in missed opportunities and financial insecurity. Without proper planning, owners may face higher tax burdens, poor investment choices, and a lack of structure in managing their wealth. A robust financial plan should identify any wealth gap and outline the steps needed to close it. A wealth gap is the difference between assets needed to generate income goals in your next chapter vs what you have today. Scenario planning is essential: ask yourself, *"If I turn off the cash flow from my business and exclude its value, can I confidently move on to retirement or my next venture?"*

For most owners, the answer is *"No."* This underscores two critical points. First, achieving a successful sale is essential to funding your goals, despite the 70% failure rate of business exits. Second, your personal financial goals should determine the target valuation you need to achieve for your next chapter. In short, your business valuation objectives must flow directly from your personal financial planning.

Real Client Story and Common Misconceptions

One client, Martin, illustrates the impact of financial planning on a business exit. Martin owned a thriving manufacturing business for over 20 years but had never actively planned for his financial future. When he received an acquisition offer, he initially assumed that the deal would secure his retirement and fund his lifestyle indefinitely. However, after consulting a financial advisor, Martin realized that without clear planning, his net proceeds might fall short due to taxes, investments needed to sustain his desired lifestyle, and healthcare costs. After turning down the unsolicited offer, he started to work closely with his advisor and our team on a period of planning and preparation. Martin was ultimately able to structure the





sale of his business to maximize his tax advantages, allocated a portion of his earnings to diversified investments, and even set up a charitable trust to support causes he cared about, aligning his wealth with his values.

Many business owners, like Martin initially, hold misconceptions that lead to missed opportunities:

- **“I’ll be financially set after the sale”:** Owners may overlook potential tax implications, deferred cash payments from earn-outs or equity rollovers, or elevated personal expenses, leading to a shortfall.
- **“My business alone is my retirement plan”:** Putting all retirement hopes in your business without the proper planning and transformation to beat the odds is a false hope.
- **“I can figure out my personal financials after the sale”:** Waiting until post-exit equals lost opportunities. Pre-planning is essential for tax efficiency and wealth growth.

Best Practices for Creating a Custom Financial Plan

Creating a custom financial plan is essential to turning exit proceeds into a sustainable and fulfilling life. A few best practices include:

- **Starting Early:** Financial planning should begin at least 3-5 years before the anticipated exit to maximize the ability to grow business valuation to fund the wealth gap.
- **Setting a Budget and Lifestyle Goals:** Envisioning your post-exit life and creating a budget that achieves it, ensures your lifestyle goals align with your financial resources. Post-exit, owners often misjudge their spending or overestimate returns on investment. A clear budget sets a target for financial planning to occur while you still own your business and are able to grow valuation to fund your wealth gap.
- **Tax Optimization:** Strategic tax planning significantly impacts the net proceeds of an exit. Consulting with a tax advisor ensures owners take full advantage of tax deferral, credits, and charitable giving options that preserve wealth and reduce tax liabilities.



ACTION ITEMS

Achieving a stable financial future requires strategic actions that align personal wealth goals with the exit.

- **Hiring Financial Advisors:** Experienced advisors bring expertise in wealth management, tax optimization, and estate planning. An advisor helps set realistic financial goals and develops a plan to achieve them. Working with a financial advisor can yield substantial benefits; a Vanguard study reported that individuals who work with advisors have, on average, 3% higher returns than those who manage their finances alone.
- **Identifying Financial Needs Post-Exit:** Accurately assessing post-exit financial needs allows owners to develop a realistic budget and ensures their wealth supports long-term objectives. This includes evaluating personal living expenses, healthcare needs, and potential philanthropic contributions, helping to eliminate financial stressors that often arise in post-business life. Owners should also review all of the personal expenses that are being expensed through their business as they develop a budget.



KEY INSIGHTS

Effective financial planning is rooted in aligning personal goals with a well-structured strategy. This insight ensures that the exit plan doesn't just maximize the sale value but also aligns with the future life owners envision.

- **Personal Strategy is the Foundation of Financial Planning:** Personal strategy starts with defining the life of significance you want to live (both now and after the exit). As we envision how to live a life of purpose after our business, we set lifestyle goals, legacy aspirations, and future pursuits. By keeping personal needs front and center, owners can create a financial plan that brings security and satisfaction. Knowing the “why” behind the financial plan provides direction and motivation to maintain and grow wealth in a meaningful way.
- **Aligning Exit Strategy with Personal Financial Goals:** An aligned strategy means that every decision we make in our business today is propelling us towards achieving our personal financial goals through an exit. Target valuations for the business should flow from personal goals. Owners should identify financial milestones they wish to achieve, such as a certain income level, philanthropic contribution, or family legacy and craft an Enterprise Value Growth model for the business that shows how they can achieve it over time. This alignment keeps the exit process focused on more than just achieving financial independence, which supports a fulfilling post-exit life.
- **Making a Positive Change in the World:** The financial freedom that comes with a well-planned exit offers a unique opportunity to make a lasting impact. Many business owners use their wealth to support social causes, invest in sustainable initiatives, or establish charitable foundations. Exited entrepreneurs have a unique opportunity to bring societal change through their involvement and direct contributions into their communities. Such choices not only build a legacy but also provide a sense of purpose and fulfillment in life after business. For instance, some studies reveal that philanthropy increases an individual's happiness and life satisfaction by as much as 50%, compared to those who pursue only personal wealth accumulation.



INSIGHT #3

BUILD A BEST-IN-CLASS BUSINESS



LEGENDARYEXITS.COM



To achieve a legendary exit, business owners must first build a best-in-class company. This means creating a company that sets industry standards in innovation, operational efficiency, customer service, and financial performance. A best-in-class business is not only attractive to potential buyers due to its profitability and resilience but also due to the strong market reputation and brand loyalty it commands. Crafting such a business requires a commitment to excellence, a proactive growth mindset, and structured planning.

Definition of Best-in-Class

Best-in-Class is a term used to describe the 75th percentile. In other words, a company that is Best-in-Class is better than 75% of companies in its industry with respect to profitability, customer satisfaction, and operational efficiency. It's an organization known for its quality, reliability, and market leadership, achieving optimal performance by focusing on the core aspects of its operations. From product innovation to team culture, a best-in-class company sets benchmarks others aspire to reach. Importantly, businesses that invest in becoming best-in-class realize significantly higher valuations, 50-200% higher than average companies.

Reasons to Aim for Best-in-Class

Aiming to create a best-in-class business delivers substantial benefits beyond just a profitable sale. It fosters a culture of excellence, attracts top-tier talent, and builds resilience against market shifts. Companies that achieve this status are more likely to retain long-term customers, maintain higher employee engagement, and ultimately secure premium valuations upon sale. A Deloitte study found that best-in-class businesses are 1.5 times more likely to attract strategic buyers and generate offers exceeding their market valuation compared to average-performing businesses.

- **Market Resilience:** Best-in-class businesses show stronger resilience in economic downturns. Their financial discipline, loyal customer base, and operational efficiency make them less vulnerable to market fluctuations, which is highly attractive to potential acquirers.
- **Attractive Exit Opportunities:** Best-in-class companies tend to attract multiple offers, including from strategic buyers willing to pay a premium for market-leading assets. This competition often translates into higher exit values and better terms for the owner.





- **Legacy Creation:** Owners who build best-in-class businesses contribute positively to their industry, creating a legacy that continues beyond their leadership. This lasting impact provides both professional and personal satisfaction, as well as pride in contributing meaningfully to the marketplace.

Overcoming Common Objections

Some business owners resist the idea of striving for best-in-class status, citing reasons like the time investment or the additional costs involved. However, achieving a legendary exit often demands setting a high standard, regardless of short-term obstacles. Here are some of the common objections and how to address them:

- **“It’s Too Expensive”:** While the initial investment in processes, technology, and talent can be substantial, the returns often far exceed the costs when done right. The key is to pick the right investments by leveraging a comprehensive strategy, planning, and execution framework. The journey to Best-in-Class will bring a discipline to every part of your business that will pay for itself.
- **“It Will Take Too Long”:** Transforming a business into best-in-class may be a longer journey of 3-5 years, but the benefits compound over time. Strategic, incremental improvements lead to lasting, sustainable growth.
- **“I Don’t Have the Right Team”:** Part of becoming best-in-class involves attracting and retaining top talent, which often requires improving company culture, investing in team development, and establishing strong leadership. The first step of building the right team is creating radical clarity of where you are headed and the standard of excellence that will get you there. That vision and standard will push out bad fits and attract the right hires.

Attracting Top Talent and Increasing Impact

Building a best-in-class business necessitates a team that’s equally committed to excellence. Skilled professionals are drawn to companies that foster growth, innovation, and excellence. According to a LinkedIn study, top talent is 2.6 times more likely to apply for positions at companies with a positive brand reputation and commitment to excellence. Furthermore, a best-in-class business attracts talent with the expertise needed to propel it forward, enhancing both operational capabilities and market impact.



STEP 1 ASSESSING CURRENT STATUS

A realistic assessment of the company's current status is essential to creating an actionable roadmap to best-in-class status. By understanding existing strengths and weaknesses, owners can identify areas that require improvement.

Benchmarking and Valuations: Comparing the business to industry financial benchmarks is a quick litmus test to identify performance gaps. Every owner should know if they have a Profit Gap or a Value Gap. Profit Gaps are determined by calculating the difference between your company's net profit % and the % that best-in-class companies are generating at the same sales volume. A Value Gap highlights the difference between your current valuation and what best-in-class companies in your industry would sell for at your current size. Calculating the Profit Gap and the Value Gap create a clear motivation for you to dig deeper and figure out how to capture it.

Business Assessments: Although financial benchmarking and valuation are a great lens to understand the results of our performance, the way we improve performance is much broader than finance. It starts with identifying opportunities to strengthen performance through assessments. Three areas we suggest you focus on are: (1) Your intangible capital with customers, employees, operations, and brand/culture; (2) the breadth of your business in GTM strategy, operational planning, and financial planning; (3) the depth of your planning with people, strategy, planning, and execution. Understanding the opportunities to improve your maturity in those 3 dimensions will enable you to craft a backlog and pinpoint the top 1-3 themes for improvement over the next year.

STEP 2 SETTING GOALS

Setting clear, measurable goals for growth, efficiency, and customer satisfaction is fundamental. Defining what best-in-class means in specific terms allows owners to make targeted improvements.

- **Identifying Profit % and Gross Margin % Goals:** Every company should have a clear standard of what best-in-class performance looks like for those two key financial metrics.
- **Establishing KPIs:** Key Performance Indicators (KPIs) identify metrics that lead to goal achievement in the areas of profit % and gross margin %. KPIs for becoming best-in-class might include sales growth, team utilization, customer satisfaction ratings, or employee retention rates among others.



STEP 3 DEVELOPING A PLAN TO BRIDGE THE GAP

A best-in-class transformation requires a detailed plan that balances short-term improvements with long-term strategic growth.

Short-Term Focus on Margins: In the short term, focus on improving your margins (EBITDA%). Whether that be moving from below average to average or above average to best-in-class, margin improvement is often the fastest path to more profits and creates a psychological short-term win. If you're experiencing challenges in your business model, growing without fixing those problems will just create a larger monster to deal with later. When we focus on margin improvement that often creates the fastest path to additional cash and profits we need to fuel the next phase of growth.

Long-Term Planning and Execution Strategies: For a business to achieve best-in-class status, it must adopt long-term planning (3-5 years) practices that focus on healthy growth, financial strength, and competitive advantage. This involves carefully aligning the company's day-to-day operations with its overarching vision.

- **Key Drivers of Profits and Value:** Identifying the primary drivers of profitability and value (Customers, Employees, Operations, and Brand/Culture), allows owners to focus resources effectively. Whether it's customer experience, operational efficiency, or product quality, enhancing these areas boosts overall performance.
- **Addressing the Breadth of your Business:** Three core areas that you'll want to consider as you plan for the long-term are your Go-to-Market Strategy (Product, Pricing, Marketing, Sales), your Operational Planning (People, Systems of production/delivery), and Financial Planning (Budget, Cash flow, and needs for working capital and investment capital). These three areas of planning are interrelated.
- **Going Deep in Your Planning:** Great planning in any area of business addresses four elements: People, Strategy, Planning, and Daily Execution. The most critical element is that we have the right leader owning the issue, and secondly, that we've selected the right things to do (and not do). After those two critical elements, strategy and goal setting often go off the rails because of a failure to develop plans to bridge the gap between current state and the goal. Once a plan has been developed, we can then define the daily actions needed to achieve it. In the end, business lives and breathes today and our success is defined by whether or not our teams are taking the right actions both in quantity and quality each day. Capacity planning is a critical element of making strategy actionable.
- **Importance of Discernment in Business Decisions:** Making decisions in business is rarely good vs evil. It tends to be better vs best. Leveraging a framework and developing discernment of what good things to say "no" or "not now" to is crucial in the journey to becoming best-in-class. Business leaders should weigh each opportunity or challenge against its potential impact on long-term goals.



REVIEW AND CONCLUSION

Now that we've explored each of the essential insights for a legendary exit, it's time to recap and draw together the core learnings that will position you for a successful transition. The process of preparing for an exit requires strategic thinking, personal alignment, and a clear plan of action. By focusing on building a best-in-class business, aligning your financial goals, and shifting toward a life of significance, you're not only creating a more attractive company for potential buyers but also setting yourself up for a fulfilling future.

Recap of Key Insights and Learnings

- **Live a Life of Significance:** Moving beyond traditional success to focus on a purpose-driven life will transform both your business and personal life today AND after the exit. This shift can attract new opportunities, help clarify your goals, and establish a legacy that lasts.
- **Leverage Your Exit for Financial Goals:** Planning for financial success beyond the sale is essential. By setting up a personalized financial plan and seeking guidance from advisors, you ensure that your exit aligns with both your immediate and future financial needs.
- **Build a Best-in-Class Business:** Creating a best-in-class company makes your business attractive to buyers and strengthens your position in the market. Through intentional steps in benchmarking, goal-setting, and strategic planning, you lay the groundwork for long-term value and resilience.

Action Steps and Future Considerations

Each insight requires proactive steps to make progress. As you move forward, think of each action step as part of a roadmap toward your goals. Investing in personal growth, seeking expert financial advice, and creating an operationally sound business will pay dividends in your exit outcome and beyond. If you're struggling to know what to do or are challenged in making consistent forward progress, reach out to our team to discuss how we can help.

Addressing Common Exit Challenges

Even with the best plans, exit strategies are not without their hurdles. By identifying common challenges—such as market timing, buyer expectations, or personal doubts—and tackling them head-on, you can avoid pitfalls that commonly lead to dissatisfaction post-sale. This section provides proactive insights to help you tackle any challenges confidently.



- **Unexpected Transitions:** Life is unpredictable, and circumstances may arise that force a sale or transition unexpectedly. Preparing for these transitions can make all the difference.
 - **Importance of Estate Planning:** Estate planning ensures that, in the event of an unexpected transition, your business and financial assets are managed according to your wishes. Estate planning also provides protection for your family, colleagues, and partners, minimizing uncertainties that can arise in unforeseen situations.
 - **Creating/Updating Operating Agreements:** Strong, current operating agreements are essential. They clarify leadership succession, decision-making protocols, and shareholder rights, which can help minimize confusion and conflict during a sudden transition. Regularly revisiting these agreements helps keep them aligned with your vision and any recent developments in the business.
 - **Ensuring Financial Security Through Insurance:** Business interruption and life insurance policies, that fund buy/sell agreements, are valuable tools to protect your financial position and provide resources in challenging times. These measures serve as a safeguard for your family and company, ensuring that your financial security is maintained through all circumstances.
- **Assembling the Right Team of Advisors:** Knowing who you need, when you need them, and getting your team of advisors to work together as one team rather than a siloed group of individuals is a challenge most owners face.
- **Deals that Fall Through:** Sellers often have a desired way to transition their business, whether to a partner, family member, or a specific 3rd party acquirer. Often those desired circumstances fall through. The best solution for this is to focus on building a best-in-class business today that is attractive to multiple buyer types so you can maximize your options when you need them.





Our team at Legendary Exits has years of experience guiding owners to successful exits. We know the intricacies of successful sales, building companies that others want to buy, and navigating the personal dynamics that lead to satisfaction after the sale.

If you're searching for answers on how to achieve your own legendary exit here's what you need to do:

Gain Clarity and Take Action

If you have gaps in your clarity or feel you need help to take consistent action, book an Exit Clarity call with our team at www.legendaryexits.com

You'll learn exactly what you need to do to define your future and build a best-in-class business that you love leading today!

I look forward to talking soon.

MICAH BRANDENBURG

President, Legendary Exits