



Unit – 06: Exit strategies for entrepreneurs, bankruptcy, and succession and harvesting strategy.

Questions to be discussed:

1. What is exit strategies in business? Also explain its type.
2. What do you mean by bankruptcy?

What is Exit strategies in business?

- A business exit strategy is an entrepreneur's strategic plan to sell his or her ownership in a company to investors or another company.
- If the business is not successful, an exit strategy enables the entrepreneur to limit losses.
- An exit strategy may also be used by an investor such as a venture capitalist in order to plan for a cash-out of an investment.
- Business exit strategies should not be confused with trading exit strategies used in securities markets.
- There are eight common exit strategies – suitable for entrepreneurs, startups, and established businesses – but ultimately the one you choose will depend on your own financial, personal and business goals.
 1. Merger and acquisition exit strategy (M&A deals)
 2. Selling your stake to a partner or investor
 3. Family succession
 4. Acquihires
 5. Management and employee buyouts (MBO)
 6. Initial Public Offering (IPO)
 7. Liquidation
 8. Bankruptcy

What is bankruptcy?

- It is a legal proceeding initiated when a person or business is unable to repay outstanding debts.
- It offers a fresh start for people who can no longer afford to pay their bills.
- The bankruptcy process begins with a petition filed by the debtor, which is most common, or on behalf of creditors, which is less common.
- All of the debtor's assets are measured and evaluated, and the assets may be used to repay a portion of the outstanding debt.