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No way out for owners

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FEWER than half of Australian small business owners have an exit strategy, according to a report by the Commonwealth Bank.

The Investment Trends Local Business Owner Report shows that just 47 per cent of small business owners have a plan to recover any of the investment they have made.

Almost a quarter of business owners said their exit strategy was to simply close the doors and walk away – a move which would result in the loss of their investment.

More disturbing was the fact that 60 per cent of business owners who planned to close their doors still actively re-invested profits back into their businesses – a tactic that would see them lose money on the transaction.

The problem is worst for

business owners over the age of 60. One in four people in this category planned to simply walk away from their investment when they retired.

General manager of business banking Arnie Selvarajah said the figures revealed a disturbing trend.

“It’s alarming that so many small business owners are prepared to walk away from the businesses they’ve worked so hard to create,” he said.

“Especially when they’re still ploughing a significant amount of time and money back into them.”

Mr Selvarajah said it was important for owners to plan how they would profitably exit from their business.

“An issue for many owners is that their businesses are dependant on their personal presence, making them difficult to sell.” he said.