AN OUTPUT OF THE IMPACT EXITS MISSION

Impact Exits: Entrepreneur Playbook Summary

> *A note on scope: this is a condensed summary of the full Impact Exits entrepreneur playbook, written for founders and entrepreneurs who have taken on outside equity investment and are beginning to think about what happens when that investor eventually leaves. It covers the same four questions and core arguments as the full playbook but in a shorter form. The complete playbook, including each situation, role, method, honest tensions, and additional detail on distressed and closure situations, is available separately.*

INTRODUCTION

At some point, your investor is going to leave. Maybe not soon, maybe not for years, but the capital they put into your company came with an expectation of return, and that expectation will eventually require a transaction. Most founders don't think about this until they have to. The exit feels like a future problem, something to deal with when the clock runs out. But by the time the conversation becomes urgent, many of the choices have already been made: the cap table you agreed to in year two, the drag-along rights in the term sheet, the governance structure that made sense when you were raising your first round.

This playbook exists because you deserve to think about this now, while you still have optionality. Not because the exit is coming, though it is, but because the questions the exit forces are actually the most important questions you can ask about your company at any stage. What is this really for? Who should benefit from what you're building? What do you want to still be true about this enterprise when you're no longer the one running it?

This playbook is organised around the same four questions as the investor playbook: why, what, who, and how.

Why is an exit being considered? Sometimes this is your decision, sometimes it is your investor's, and sometimes it is something the two of you are figuring out together. Where you are in that conversation, and how much agency you have in shaping it, depends on your capital structure, your relationships, and the choices made when the investment was first agreed.

What is your role in the transition? You are always the central character in your company's next chapter, but the role you play varies. Are you driving the transition, being invited into a conversation you haven't started, or protecting the company's continuity while managing an investor's need for liquidity?

Who benefits, decides, and protects? When your investor exits, who ends up owning your company, and what do they do with it? Who holds the power to make decisions about its future, and what, if anything, ensures the mission you've been building toward survives the transaction?

How does the exit actually happen? The financial mechanics matter, not just for the investor, but for you as an entrepreneur, since a redemption structure that asks your company to pay back capital over time has very different implications for your cash flow and governance than a sale that brings in a new shareholder.

One thing this playbook will not do is tell you what the right outcome looks like. Selling your company for a life-changing return is a legitimate choice, and so is structuring a transition that puts it in the hands of your employees. What this playbook offers is a way of thinking through those choices before the clock runs out, so that whatever you decide, you decided it.

The Playbook at a Glance

Four questions, asked in order. The exit should be designed from left to right.

01 WHY?	02 WHAT?	03 WHO?	04 HOW?
Your Company's Next Chapter	***Your Position in the Transition***	***Who benefits, decides, and protects the mission?***	***The Exit Method***
• A You are actively planning a transition • B A transition might be right, not started yet • C You want to keep running the company • D Your company needs capital, investor's position is in the way	• Founder-led transition • Active participant in a conversation someone else started • Protecting what you've built while managing the exit	• Who benefits? • Who decides? • Who protects the mission?	• Repay or buyback over time • Buyout at a point in time • Give away or write off • Combination

PART 1: WHY IS AN EXIT BEING CONSIDERED?

Your Company's Next Chapter

The exit conversation starts somewhere. Sometimes you start it, sometimes your investor does, and sometimes it begins with a fund life deadline or a quiet question from someone watching the company long enough to wonder what comes next. The first thing worth knowing is that you are not just a participant in this conversation; you are its most important voice. There are four situations you might find yourself in. None is more admirable than the others by definition.

	SITUATION A	SITUATION B	SITUATION C	SITUATION D
	You are actively planning a transition	***A transition might be right, not started yet***	***You want to keep running the company***	***Your company needs capital***
What it looks like	You have a vision, whether employee ownership, a steward structure, a community transfer, or a mission-aligned acquisition, and you are actively working toward it.	You haven't made decisions yet. Maybe someone else raised the question. You have time to think, but not unlimited time.	Your company is working. You want to keep running it. You need a way to return the investor's capital without losing control.	Your company needs working capital, growth financing, refinancing, or a balance sheet reset, and your existing investor's position is part of what's standing between you and that capital arriving.
Your job	Be clear about what you want, specific enough to articulate to investors, advisors, and your team.	Start thinking. Not to have the answer, but to take the question seriously. Separate the question from the pressure.	Understand your options and negotiate from clarity. Know what cash flow you can realistically support.	Negotiate your existing investor's exit, or their willingness to subordinate, convert, or step back, as part of getting the capital your company needs.
Your power	Highest: you are the author of this chapter. The investor exit should be designed around your transition.	Depends on how early you engage. The earlier, the more optionality.	Focused on method. Revenue-based repayment, redeemable equity, and negotiated buyback are tools that exist precisely for this situation.	Constrained, but real. You still have more say in how this is framed than you might assume.
Key tension	The gap between transition timeline and investor's fund life.	Pressure versus genuine exploration. You are allowed to say no.	Your cash flow versus the investor's timeline.	Your company's need for capital versus your existing investor's legitimate claim, and the risk that new capital comes with less mission alignment.

Situation A: You are actively planning an ownership transition. You have a vision, whether employee ownership, a steward structure, a community transfer, or a mission-aligned acquisition, and you are actively working toward it. This is the situation with the most creative potential, since the investor exit can be designed to support your transition rather than disrupt it: the method your investor uses to recover their capital can be the same mechanism that finances the new ownership structure, and the governance conversation that needs to happen is one you were going to have anyway. But it also requires your investors to be truly on board, since

a transition to employee or steward ownership is not something you can impose on an investor with drag-along rights and a different vision. The earlier you have been honest with them about what you want the company to become, the better your chances of designing something that works for everyone. Your job is to be clear enough about what you want to articulate it to your investors, your board, and your employees, since vague intentions about wanting a good exit are not enough. The most common tension is the gap between the transition you want and the return your investor needs, and being honest about it early, before the pressure of an imminent deadline, gives everyone the most room to find a creative solution.

Situation B: A transition might be right, but you haven't started the conversation yet. You haven't made any decisions, or maybe someone else, an investor, a board member, a peer founder, has raised the question with you. This is the most common situation, and the value of it is that you still have time, if you use it, to think carefully about what you actually want. Your most important job is to start thinking, not to have the answer, but to take the question seriously enough to explore it, and to separate the question from any pressure attached to it. Talk to founders who have done ownership transitions, talk to legal advisors who know what structures are available in your jurisdiction, and talk to your investors, not to commit to anything, but to understand what flexibility exists within your capital structure. A genuine exploration requires that continuing to run the company yourself is as valid an answer as any other. If it isn't, if your investor says they support your agency but keeps pushing toward a particular outcome, that tells you something important about the conversation you are actually in.

Situation C: You want to keep running the company, and you need to manage your investor's exit. You are not planning a transition. You built this company, you are running it well, and you want to keep doing that. This is a completely legitimate situation, and one the impact investing field does not always honour as such. There is sometimes an implicit pressure on mission-driven founders to want their company to outlast them in some formal structural sense, but your company does not owe your investor a beautiful story about a community buyout. It owes them a return, as agreed. What you need is a method, whether revenue-based payments, redeemable equity, or a negotiated buyback, that lets your investor recover capital without requiring a sale or bringing in a shareholder whose values you don't know. Your job is to understand your options and negotiate from clarity about what you need, since the cleaner and more transparent this conversation is, the more flexible your investor is likely to be about the terms of it.

Situation D: Your company needs capital, and your investor's position is in the way. Sometimes it's the opposite of an investor wanting out: your company needs working capital, growth capital, or refinancing, and the thing standing between you and that capital is your existing investor's position on the cap table. Your role here is shaped by constraint more than by vision, and the range of options is usually narrower than in Situations A, B, or C. Even here, the design questions from Part 3 still matter, since a constrained situation is exactly when mission protections are most at risk of being traded away without anyone naming it, to your board, to your investor, or to yourself. A second tension is the mission alignment of the incoming capital, since the investor you're asking to step back may have been a genuine ally, while the new capital may come from a

source with no interest beyond the return, and where you can, it's worth negotiating your outgoing investor's departure in a way that preserves as much mission protection as can survive the transition.

> *A note on how situations evolve: where you are today is not where you will necessarily be in two years. A founder firmly in Situation C may find, as they get older or the company grows beyond what one person can steward, that a transition starts to feel right. A company that looks stable today can also arrive at a Situation D moment on a completely different timeline, since a growth opportunity or a stretch of financial strain can create a genuine capital need with no ownership transition anywhere in sight. The questions this playbook raises are worth returning to periodically, not just when the investor's timeline forces them. The more comfortable you become asking them, the more choices you will have when it matters most.*

> *A note on understanding your investor's constraints: sometimes an investor's behavior at exit feels sudden or hard to explain. Often, that's not really about you since investors operate inside their own set of constraints such as a fund with a fixed life, LPs expecting distributions on a schedule, co-investors with different timelines, and those constraints frequently explain their behavior better than anything about your company does. You are allowed to ask about this directly: what is your fund's timeline, and how much flexibility does it actually have? A good investor will answer honestly, since making their constraints visible to you is in their own interest too.*

> *A note on distressed and closure situations: not every exit starts from a company that is standing on solid ground. Sometimes the runway runs out before profitability arrives, and the honest answer to "can we keep going" is no. This is different from founder fatigue, where nothing is structurally wrong but you are ready for what's next, and it's worth being honest with yourself about which one is actually true. Either way, you still have decisions that matter: how you close matters to the employees who trusted you with their time, and to whatever you built that has value beyond the balance sheet.*

PART 2: WHAT IS YOUR ROLE?

Your Position in the Transition

Knowing why an exit is being considered is the first step. The second is understanding what role you actually play in it, and how much of that role you get to choose. The investor is asking what they can do here. You are asking something more fundamental: what can you actually control? The honest answer depends on your capital structure, the rights you agreed to when you took the investment, and how early you are having this conversation. Some founders have significant agency, holding majority ownership with supportive, mission-aligned investors who will follow their lead. Others have much less, with drag-along rights, a cap table full of investors with different values, and a fund life ending that creates urgency nobody asked for. Most founders sit somewhere between these two, and understanding where you actually sit, honestly, without

wishful thinking in either direction, is the foundation of playing your role well. There are three roles you might find yourself in. They can overlap, and they can evolve.

ROLE 1

Founder-led Transition

You are the author

You have a vision for the company's next chapter and you are driving the transition. The investor exit is one piece of your puzzle, not the whole picture.

Requires: specificity about what you want. Early, honest communication with investors. Resilience, since it will take longer than planned.

Best suited: most empowered in Situation A, sometimes D

ROLE 2

Active Participant in Someone Else's Conversation

You were invited in

An investor, board member, or peer founder raised the exit question with you. You are in a conversation you didn't initiate. You need space to think, not pressure to perform.

Requires: separating the question from the pressure. Time before committing to a direction. Honesty about where you are in your thinking.

Best suited: most common: Situation B, sometimes A or C

ROLE 3

Protecting What You've Built

You know what you want

You want to keep running the company. Your job is to manage the investor's exit in a way that protects your position and the company's integrity.

Requires: fluency in repayment methods available to you. A realistic view of what cash flow can support. Clarity about what protections to negotiate.

Best suited: core role in Situation C, sometimes D

1. **Founder-led transition.** You are the one driving this since you have a vision for what the company should become, and you are actively working to make that happen. This is the most empowered position, and also the one that requires the most from you in terms of clarity, communication, and preparation. It requires you to understand your capital structure well enough to know what your investors can and cannot agree to, and to communicate your intentions early, since the worst time to raise a transition is when your investor's fund life is ending, and the pressure is on. The deepest tension is the gap between what you want and what your capital structure allows.
2. **Active participant in a conversation someone else started.** Someone raised the exit question with you, and now you are in a conversation you did not initiate. This is the most common position for founders to find themselves in, and it is also the least well-served by existing guidance. What this role requires, above all, is permission to take it seriously: to separate the genuine question of what you want this company to become from any pressure attached to it, and to be honest with your investors about where you are in your thinking without owing them a quick answer or one that matches their preferred outcome.
3. **Protecting what you've built while managing the exit.** You know what you want: to keep running the company. Your role is to manage the investor's exit in a way that protects the company's integrity and your own position within it. This is a role the field does not always honour with the respect it deserves, but a mission-driven enterprise run well by a committed

founder, with the investor paid back and the mission intact, is a good outcome, full stop. It requires understanding the methods available for a clean exit, a realistic assessment of what the company can financially support, and thinking about what protections you want to negotiate into the exit terms even when there is no ownership transition involved.

> *A note on agency and structure: your role in the exit is shaped by your structural position as much as by your intentions. A founder with majority ownership and supportive investors has significant agency. A founder with minority ownership and misaligned co-investors has much less. Understanding your structural position clearly, without overestimating or underestimating your leverage, is the foundation of playing any of these roles well.*

PART 3: WHO BENEFITS, DECIDES, AND PROTECTS?

The Design Questions

These are the questions that most exit conversations never reach. By the time the lawyers are drafting, the conversation has narrowed to mechanics: how much, by when, on what terms. This section asks the deeper questions before that happens, not as a checklist but as an invitation to think clearly about what you actually want. You may not be able to control all of the answers, since your capital structure, your investors' rights, and your jurisdiction all shape what is actually available to you, but you can control whether you ask them. Each question has two dimensions: what happens at the exit itself, and what persists in the ongoing company.

	At the exit	In the ongoing company
Who benefits?	When your investor exits, who else receives value beyond them? You have more choice here than most founders realise. *From:* • Investor and you only • Employees • Communities • A foundation • Back into the enterprise	What ownership model persists after the exit? Who captures profits, surplus, and wealth the company continues to generate? *Model shapes outcome:* • Employee-owned companies build wealth for workers • Purpose trusts lock surplus to mission • Conventional structures concentrate value with whoever holds equity
For you: the exit is when intention either becomes structure or disappears unnoticed. Your tension: what you want for the company versus what you need personally. You are allowed to want a meaningful financial return.		
Who decides?	How much power do you actually have over how this exit is	After the investor leaves, who holds governance power, and to

	At the exit	In the ongoing company
	structured? The honest answer depends on your capital structure and contractual rights agreed years ago: drag-along rights, right of first refusal, and board composition.	whom are they accountable? Simplest: you retain majority control. Most durable: governance accountability built into the structure, whether a steward council, a golden share, or a mission mandate.
For you: the exit process is one of the moments when governance can be redesigned. These windows close. Your tension: control versus durability.		
Who protects the mission?	Your mission does not travel automatically with the shares. Impact covenants, buyer selection criteria, and post-exit reporting. Your leverage is highest at the moment the deal needs to close.	If you want the mission to survive you, it needs to be embedded in the company's legal architecture. Lighter to heavier: contractual covenants, golden share, asset lock, steward ownership, and Perpetual Purpose Trust.
For you: the exit process is one of the most natural moments to establish structural protection. Don't wait until after. Your tension: durability versus flexibility.		

1. **Who benefits?** When your investor exits, value moves, and the question of who receives it, beyond your investor, is one you rarely think about explicitly until it is too late to shape. The most common default is straightforward: the investor gets their return, and residual value flows to you. That is not a bad outcome, but it is worth knowing it is a choice, not a law, since the exit can be structured to distribute value more broadly, to employees, to a community organisation, or to a foundation that will steward it in perpetuity. The key variable is the method, since how your investor exits determines where the money flows: a redeemable structure that lets employees gradually buy shares transfers value to the people who built the business, while a trade sale transfers it to whoever is paying the price. In the ongoing company, the question is structural, determined by the ownership model that persists after the exit. The most common tension is between what you want for the company and what you need personally, and you are allowed to want a meaningful personal return from the thing you spent years building. The question is how you balance that against the company's future, and whether the structures available in your context let you do both.
2. **Who decides?** The first question to answer honestly is how much power you actually have over how this exit is structured. The answer depends on what you agreed to when you took the investment: drag-along rights, right of first refusal, and board composition were negotiated years ago, and many founders discover at the exit moment that they have significantly less control than they assumed, not usually through the investor's bad faith but because they didn't fully understand what they were agreeing to at the time of signing. In the ongoing

company, governance determines your company's long-term trajectory more than almost anything else. The simplest answer to "who decides?" is you, if you retain majority control, but that configuration is entirely dependent on your continued presence and alignment. What happens when you are no longer there, or your values shift, or the company is sold again? The more durable configurations, such as a steward council, employee directors, or a golden share, build accountability to mission into the structure itself, so it persists regardless of who is in the chair. The most important tension for founders is between control and durability, since concentrating power gives you flexibility but creates a company one leadership change away from a different direction, while distributing it creates durability but requires giving up control in ways many founders find truly difficult.

3. **Who protects the mission?** Your mission does not travel automatically with the shares when they change hands. None of your values, culture, or commitments are legally binding on whoever comes next unless you make them so. The exit is a moment when you can negotiate protections into the deal terms, impact covenants, buyer selection criteria, and post-exit reporting, though these are inherently temporary. If you want the mission to survive you, it needs to be embedded in the company's legal architecture, not as a values statement but as a structural legal reality, running from contractual covenants at the lighter end to a perpetual purpose trust at the most durable. The exit process is one of the most natural moments to establish these structures, since the legal documents are already being drafted and the advisors are already in the room.

> *A closing note on how the three questions interact: these questions shape each other. If you design the exit so employees benefit economically, you create the conditions for employee governance to be meaningful. If you build governance accountable to mission, you create the conditions for mission protection to be durable. None of this argues for a single configuration. It argues for thinking about all three questions together.*

PART 4: HOW?

The Method

You have thought about why an exit is being considered, what role you play in it, and who should benefit, decide, and protect the mission. Now comes the how, the financial mechanics through which your investor recovers their capital and your company moves into its next chapter. The instrument your investor uses shapes your cash flow, your governance, and your operational freedom for years after the transaction closes, so understanding the options is part of making this exit yours rather than something that happens to you.

	WHAT IT IS	BEST FOR YOU WHEN	WHAT IT MEANS FOR YOU
1 Repay / Buyback Over Time	The investor's stake is restructured into payments over time: revenue-based, cash-flow-based, or affordability-tested. No sale required.	You want to retain ownership and control. You want to avoid bringing in an outside buyer. Your company generates cash flow.	The most founder-friendly exit structure. You stay in control. The company isn't sold.
2 Buyout at a Point in Time	The investor's entire stake is purchased in a single transaction, whether by you, by your employees, by a community organisation, or by a mission-aligned new investor.	You have identified the right incoming owner. The financing is in place.	Price is the central tension. Fair to the investor may be unaffordable for the incoming owners.
3 Give Away / Write Off	The investor donates shares, transfers at a nominal price, or writes off the position entirely, releasing the company from financial obligation.	The investor's stake is the primary financial obstacle to a transition you want but can't finance.	Opens possibilities no other method can. Ask for it explicitly, as a possibility rather than a demand.
4 Combination	Any of the above layered, sequenced, or structured in parallel.	Complex situations with multiple goals, when no single instrument achieves what you want.	Most real exits work this way. Start from the ownership and governance you want to reach, then work backward to the instruments.

Repay or buyback over time. Your investor already holds a stake, and the question is whether it can be restructured into something that generates returns over time without requiring a transaction that forces a change you didn't ask for. From your perspective as the founder, this is one of the most founder-friendly exit structures available: you retain control, the company is not sold, and the investor exits through payments generated by the business itself. Payments can be revenue-based, cash flow-based, or affordability-tested. The most important tension is the gap between what your investor needs and what your company can actually support, and agreeing to a schedule you cannot meet because refusal feels impossible creates a worse outcome for everyone.

Buyout at a point in time. Sometimes the right method is a single transaction: your investor's stake is purchased in full, and the ownership structure of your company is definitively established. This is about the stakeholder transitions discussed in Part 3, employees, a

community organisation, or a mission-aligned foundation, taking on ownership, financed through company cash, a loan, or a secondary sale to a buyer you have actively selected. The most important tension is price, since the valuation of a mission-driven enterprise is often contested, and a price fair to your investor may be unaffordable for the incoming owners.

Give away or write off. This is the method category that most changes what is possible, since it removes the financial obstacle preventing the company from becoming what it should be. If your investor's stake is the primary obstacle to a mission-aligned transition, because the buyout cost is beyond your company's reach and no external financing is available, releasing it through donation, a nominal transfer, or a write-off may be the most impactful thing they can do. The analogy worth drawing is debt relief, where a creditor releases an obligation in exchange for a public benefit commitment because continuing to hold the position was doing more harm than good. From your perspective, this opens possibilities no other method can reach: an employee ownership transition that was financially impossible becomes possible the moment the investor donates or writes off their position. It requires your investor to be willing and able to use it, and you cannot negotiate them into it, since fiduciary obligations and fund structures shape what they can offer. What you can do is understand whether it's available to them, and name it directly, as a possibility worth exploring rather than a demand, since many investors who would seriously consider this never raise it themselves.

Combination. The most thoughtful exits are almost never a single method. From your perspective as the founder, this category most honestly reflects how real exits actually work: they unfold over time, involve multiple parties with different needs, and require different instruments for different parts of the problem. A partial buyback combined with a donation to a foundation holding a protective golden share, or a revenue-based repayment combined with an option to convert into a seller-financed buyout once a transition design crystallises, are the kinds of combinations that create outcomes no single instrument could achieve. Your job in designing a combination is to start from the ownership and governance configuration you want to reach, then work backward to the instruments that get you there, rather than assembling instruments and hoping the outcome follows. What it requires of you is legal and structuring expertise, and the capacity to stay engaged through what may be a multi-year process while continuing to run the company underneath it.

CLOSING: WHOSE EXIT IS THIS, REALLY?

It is yours, although not entirely, since the investor has a legitimate claim and the fund timeline has a logic that does not bend easily to what you want. Those constraints are real, but the exit is the last chapter of something you built, and the question of what that chapter says, who ends up owning the thing you created, who benefits from it, whether the purpose that drove you through the hardest years survives the transaction, belongs to you more than to anyone else in the room.

The conventional exit process is not designed to ask these questions. It is built to close a transaction efficiently and move on, and if you do not engage with it deliberately, it will produce an outcome that reflects that logic rather than yours, not through bad faith but through the accumulated weight of defaults, each one individually defensible, together producing something nobody actually chose.

This playbook has asked you to engage deliberately: to understand your situation before the pressure is on, to know your role, and to ask who should benefit, who should hold governance power, and what will protect the mission when you are no longer the one making sure it stays intact. None of this is simple. Some of it will ask you to think about a future you are not yet ready to imagine, a company that outlasts your own involvement, that belongs, in some meaningful sense, to the people and communities whose lives it touches.

A phrase worth carrying with you is fat wallet, broken heart, which describes something many founders report after conventional exits: the transaction closes successfully on paper, but they are left regretting what happened to the company, the employees, the culture, or the mission. That outcome is not inevitable. It is what happens by default when stakeholders don't engage with the questions this playbook raises deliberately, early enough for the answers to still matter.

The investor will leave; that is certain. What is not certain, and is entirely a matter of design, is what they leave behind when they go, and what you have built in the space their departure creates. You have more say in that than you might think. Isn't it worth finding out?

> *The framework in this playbook, the four questions asked in order, why, what, who, and how, exists so that the shape of your company's next chapter is something you decided, with the same care you brought to building the company in the first place.*