Impact Exits: The Founder's Perspective

A framework for founders to exit on your own terms

At some point, your investor is going to leave. The company you built, and the mission behind it, doesn't have to end there. This framework offers a way to think through the exit before it happens to you, so the company's next chapter reflects what you actually want, not just what the term sheet says. The playbook is built around four sequential questions, giving you language and leverage beyond the industry standard.

1. Why is an exit being considered?
2. What is your role in the transition?
3. Who benefits, decides, and protects the mission at exit?
4. How does the exit actually happen?

01 WHY? Your company's next chapter

First question to ask is **WHY** an exit is being considered. Is it your decision, your investor's, or something you're figuring out together? We've broken it down into four common scenarios. It is possible that more than one of these will be true, or that the scenario will shift throughout the process. Rather than regarding them as fixed, they should be seen as a way to name where you actually stand.

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**
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. The investor exit needs to fit your plan.	You haven't made any 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 your investor's capital without losing control of what you've built.	Your company needs new capital (working capital, growth financing, refinancing, or a balance sheet reset), and your existing investor's position (their liquidation preference, their stake, their terms from an earlier round) is part of what's standing between you and that capital arriving.

02 WHAT? Your position in the transition

Next question is **WHAT** is your role in this transition? Each role comes with different levers and responsibilities. Similar to the WHY, these roles are not fixed and may change or merge throughout the process. The role you get to choose depends on your capital structure and how early you engage.

ROLE 01

Founder-led Transition

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.

Ex. You spend two years preparing your team for an employee ownership transition before you ever raise it with your investor.

ROLE 02

Active Participant

Someone else, an investor, a board member, a peer founder, raised the exit question with you. You need space to think, not pressure to perform.

Ex. Your investor raises the idea of a community transition. You take a few weeks to explore it with your team before responding.

ROLE 03

Protecting What You've Built

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.

Ex. You negotiate a revenue-based buyback so your investor gets paid from the company's cash flow, not from a sale.

This toolkit was designed by IFI members over a 10 month Impact Exits mission. For more details on the Innovative Finance Initiative please visit **Innovative.Finance**.

03 WHO? Who benefits, decides, and protects the mission?

Next you need to ask **WHO** benefits, decides and protects? These questions apply in every situation. They just land differently depending on where you stand.

	AT THE EXIT	IN THE ONGOING COMPANY
WHO BENEFITS? *(And how much?)*	When your investor exits, who else receives value beyond them? You have more choice here than most founders realise. And how much? **Options include distributing to:** • You, the founder, alone • You and your investor • Employees • Community • A foundation *Tension: What you want for the company vs. what you need personally. You're allowed to want a meaningful return. The question is how you balance that against the company's future.*	What ownership model persists after the exit? Who captures profits, surplus, and the wealth the company continues to generate? **Options include:** • Retained earnings you control • Employee profit share • Community dividend (or other community impact) • Mission-locked surplus in perpetuity • Capped return to any remaining investor
WHO DECIDES?	How much power do you actually have over how this exit is structured? This is shaped by contractual rights agreed at investment: drag-along, tag-along, ROFR, board composition, and by the distribution of voting rights. It is also shaped by how early you raise the conversation and how transparent you've been about what you want. *Tension: Control vs. durability. Concentrating power gives you flexibility but creates a company one leadership change away from a different direction.*	After the investor leaves, who holds governance power, and to whom are they accountable? **Options for who holds power include:** • You, retaining full control • An independent board • A steward council • Employee and community representatives **Options for governance mechanisms include:** • Board appointment rights • Voting trusts • Share class design • Bylaws • Foundation charter
WHO PROTECTS MISSION?	Your mission does not travel automatically with the shares. What protections can you negotiate into the deal terms: impact covenants, buyer criteria, post-exit reporting and incentives? **Options include:** • No protection • Soft commitments • Binding covenants with breach consequences • Rewards *Tension: Durability vs. flexibility. Legal structures are hard to change even when the world changes. Jurisdiction: available structures vary significantly by country.*	What legal structures embed purpose into the enterprise regardless of who owns it next? **Options include:** • B Corp certification • Golden share • Asset lock • Steward ownership • Perpetual Purpose Trust

04 HOW? The method

Lastly, you ask the question **HOW** do you execute this transition? The exit method is the how to the why and what and who, and it should follow from the answers to the questions above, not precede them.

METHOD	BEST SUITED TO	KEY TENSION
01 Repay / Buyback Over Time	Your company generates cash flow, your investor's exit can fund the transition, and longer time horizons work for both of you.	*Variable timeline vs. your investor's pressure for faster returns. The repayment obligation must not distort how you run the business.*
02 Buyout at a Point in Time	You've identified the right incoming owner and the financing is in place.	*Price fair to your investor may be unaffordable for incoming owners. Readiness of the incoming entity matters as much as the structure.*
03 Give Away / Write Off	Your investor's stake is the primary obstacle to completing a mission-aligned transition you want but can't otherwise finance.	*This requires your investor's willingness, which you can name as a possibility but can't negotiate into existence.*
04 Combination	Complex situations with multiple parties and goals, when no single instrument gets you where you want to go.	*Complexity vs. resilience. A combination must produce a clear answer to the WHO questions. If it doesn't, simplify.*

→ **Read the full playbook at impactexits.co**

→ **Want to learn more? Join an Innovative Finance Initiative Impact Exits course at academy.innovative.finance**

The Innovative Finance Initiative (IFI) is a five-year, built-to-end initiative that weaves together the people reimagining how capital works, giving them the tools, connections, and rooms to shift the financial system we have and build one designed for people and the planet.. This playbook was developed by IFI members.