

Selling a business is an economical, social and emotional event. This event can find even rugged individuals in new uncertain territory. Without awareness and preparation for these post-sale dynamics, business owners may become blindsided by ambiguity and derailed from finding a new purpose and a life after business. Let's consider what some of these situations look like.

Economic

If you've never experienced the thrill of a couple million dollars showing up in your personal bank account, then you need to prepare.

Prior to a sale, some business owners have prepared for years by setting up real estate HoldCos, Trusts, Family Trusts and other vehicles to avoid and/or defer taxation until a later date — but some have not. Some of these activities require restructuring and a two- year waiting period to crystalize before their benefits can be realized upon the sale of a business. Examples are moving real estate into a HoldCo, adding family shareholders to take advantage of multiple capital gains exemptions, effective removal of excess cash or setting up a foundation.

Your estate plan should be reviewed every seven years and when significant life events occur to ensure it will still accomplish what you intended it to do. Especially if your estate is large or complex, your heirs will need time to understand the Trusts, education to comprehend the implications of the Trusts on their own estate planning and time to prepare.

Social

On closing, and almost overnight, the new owner(s) take over, you begin your management contract period and months even years of confidentiality are over. The first wave of this is with your employees and business community. It's very important to have a communication strategy for this moment to reassure all concerned about what is changing and what is not, along with the reasons for and benefits of the sale. It is paramount this be managed well because there's usually a future retained earnings bonus that depends on employee retention, meeting sales projections and the success of the new ownership.

In addition, you will experience separation from your employees, colleagues, customers and professional contacts and may want to consider who, how and what kind of contacts you want to maintain post sale.

The second wave consists of family, friends and others who will be shocked, happy, incredulous, envious, judgmental, nosy or feel betrayed by your secrecy. Expect to be surprised by who is or is not supportive and treat those important to you with grace and respect as they try to figure out the boundaries of your new status.

While the first and second waves are immediate, external and some even contractual, the third wave is all yours. Over time you will find yourself reflecting on what you accomplished, regrets and gratitudes. Your routine has change and you have some free time, maybe a lot of free time, and you may need to tend to old relationships.

We all want those closest to be there with us when we cross the finish line and you may need to rekindle relationships with your family. Most business owners work 60-80 hours a week. Over time your inner circle, family and friends, may have grown accustomed to your work ethics and adjusted their expectations accordingly.

This is not an uncommon situation and you may need to devote time and attention to this. Selling a business is a big life changing event so, as you have done at work, you may need to call in some help from outside professionals.

Emotions

What and how you feel after the sale will change over time, and be different for everyone, but you will have emotions. As Carl Rogers said, “That which is most personal is universal.”

When a business owner sells their company, they will spend time reflecting on their experience of ownership. And if the motivation for selling is either poor health or retirement you may find yourself in a state of ambiguity. You may find yourself with unclear, confusing or conflicting thoughts and feelings that can’t readily be understood. For example, you may have chosen to sell without financial pressure, had a smooth closing and got top dollar, but still feel like something is wrong. You might be thinking, I got what I wanted, so why am I grappling with the reasons for doing it now.

Let’s face it, you’re now a retired CEO and this change in identity can be a loss.

Hi-energy events, like the sale of a business, are often followed by periods of despondency, or sadness. These emotions are normal and should pass in one to three months and, if they don’t, you should talk to someone about it.

Your broker is a good person to talk to and can be helpful in several ways. They know your story, have signed confidentially agreements in place and have experienced the process many times before and most importantly, with you. Now they are able to connect you with other business owners who have been where you are. And finally, they may be able to suggest other professionals able to assist with your transition.

Bottom Line

When selling a business, it’s easy to focus on goal achievement and end up like the dog that caught the car, blindsided and not knowing what to do next. It is hoped this awareness will help you plan and prepare to enjoy the benefits of your new situation and — Life After Business.

About the Author



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Linda Fairburn is someone who founded a successful business, sold it through Robbinex and, years later, is now a Robbinex Managing Director. Linda is an experienced succession planner and co-author of, **Exit Right:® A guided tour of succession planning for families-in-business-together**. If you, or someone you know, are having issues with any of the situations described in this article, then we invite you to connect with Linda by email at: linda@robbinex.com

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