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Transferring Ownership to Financial Independence

Selling-Succession Methods versus Emotional Needs

By Michael Podolny, President, The Podolny Group, Inc.

Understanding That The Emotional Has To Be Accounted For

The ownership of a business for most of us is not an antiseptic event. We're not cold-heartedly making an investment and then selling it off when it is at the right point to maximize money.

If you're like most business owners, you've spent a good part of your adult life in your business. And you haven't been going through the motions all those years. No, you've invested your mind, body, and soul into your business. For many of us, we've spent more time...a lot more time...with our business than we have with anything else in our life. What does this mean when we start seriously thinking about how we want our business life to end?

To me it means that we have to consider how this transition is going to affect

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...as emotionally. I mean really are we going to just completely drop what has dominated our life for all these years and think that we will go on as if nothing has happened? I think not.

If you are wise about this, you will acknowledge and not reject that the transition out of being an owner is going to be tough. In terms of your personal strategy and tactics it means understanding that each of the primary methods of creating financial independence from your business has its own particular emotional repercussions.

Specific Emotional Challenges of Selling and Succession

Financial independence means that we have income that does not require us to work. I'm going to assume that you have not been putting money away all along while you've run your business because the majority of owners don't. Therefore, to get financial independence, we either have to convert our business into liquid investable assets (selling) or we have to turn the business into something that can run without us but still provide us with income (succession). Each of these paths has their own specific emotional issues.

When we're selling, we are talking about a clean and clear break from our business. This means totally revising how we live our lives. No more going into the office. No more meetings. No more people problems. No more recognition of one's place as a business owner. No more being a member of a particular business community. No more anything that has defined you as a person for the last 20, 30, or maybe more years of your life. That can be a truly scary prospect.

As the process of selling a business can be a very arduous, if you've not thought about what you will be doing in your next phase, you may very likely 'kill the deal' at the last moment as so many do. You'll do it even if the deal is a full and fair deal because you will be frightened to death of what you're going to do with yourself for the rest of your life.

When we do succession, the problem is different because there isn't a nice clean break. Here the problem becomes one of us allowing ourselves to let go. It's definitely a more insidious emotional challenge.

In the sale, it is all or nothing. In succession, you don't have to do that. You can

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can kind of be there. You have every opportunity to measure your emotional ability to trust your successor management will be challenged because they will never do things exactly as you did. Nothing derails a successor management team more than the owner coming in endlessly, changing the plan, questioning the decisions, and in general not giving the successors the authority promised. Soon you're back where you started because the managers leave or you let them go and you're back running the company.

What do we do deal with these issues?

Processes for Coping with the Emotional Barriers

One of the things that one finds when one decides to specialize in consulting owners on selling and succession is it is not a simple process. In fact to get the best results, a lot of different disciplines need to be integrated. The best succession-selling consultants become a kind of systems integrator/general contractor bringing together the various expertise necessary to the client in the right order with coordination to get the optimum results.

I bring this up because in discussing how we actually deal with the emotional issues that can sidetrack a selling or succession process, I am going to refer to the work of one of my fellow experts, Jacqueline Gould (switchinggearsretirementlifestyle.com). Jacqueline specializes in assisting people with the process of redesigning their life as they come to the traditional age of retirement.

The key to dealing with the emotional issues that sidetrack our selling-succession goals is figuring out what we are going to transition to...what the next phase of our life is going to be.

Here are some of the thought processes Jacqueline recommends for going through this transition.

- Study and gain understanding of what your vision, values, interests and strengths really are.
- Understand how your vision, values, interests and strengths might shape your future, post ownership goals

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- Recognize your future professional and personal interests and align them to your life roles and goals
 - Take an inventory of your capabilities
 - Define your desired contributions and the impact you would like to create (what you want people to know you for)
 - Identify the feelings you want have in the focus of your transition vision
 - Develop a new purpose - Values + Strengths + Passions + Service = Your

Purpose

Jacqueline has developed a process and tools that you can use for going through this exercise and she can be reached at Jacqueline@switchinggears-retirementlifestyle.com.

Just Do It!

Some closing remarks; having been going through my own transition over the last few years, I can tell you even if you are aware of the issues, doing this transition work is really hard. I would not have been successful in getting the breakthroughs I've gotten if I didn't have trusted advisers helping me. Yes, even I, the transition professional, could not do this on my own. I needed third parties who could act as guides and provide objectivity.

My advice to you is if you want to have the most successful ownership to financial independence transition do likewise. Get help. Of course I would love to help you in that. It's my profession and if you'd like more information on my [services](#) contact me at michael@podolny.com. But more importantly find someone who is a competent professional with experience and empathy. Retain them. Make a commitment and do it. Start the process of thinking through what your future will be. It's the only way to get the kind of outcome that makes owning a business really worth it in the end.

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