

## The Exit Strategies Newsletter

### *Can a Business Exit Plan Make You Happy? And Do Not Want To*

Owning and running a successful privately-held business is a constant challenge that is full of obstacles and opportunities. It is pretty well understood that putting your business (and personal) plan down in writing tends to increase the chances of achieving them. However, what is less often discussed is how you might feel when you apply a high level of discipline to planning the future. If, in fact, you value the freedom and financial benefits of owning a privately-held business, then it is also likely that you place a high emphasis on not only what the business can provide to you but how you feel about the business and its future. This newsletter is written with the purpose of answering an important question, i.e. “Can planning for the future through an exit plan make you a happier business owner?”

#### **A Recent Study Tying Planning to ‘Happiness’**

In a recent 2014 Planning and Progress Study performed by Harris Poll on behalf of Northwestern Mutual, 2092 American adults (18 years of age or older) were ranked in four (4) categories of ‘planners’:

1. Highly Disciplined
2. Disciplined
3. Informal
4. Non-planners

When the survey turned to the topic of retirement, 91% of Highly Disciplined planners were ‘happy in retirement’ while only 63% of non-planners could make the same claim. It appears, therefore, that those who plan, tend to be happier when the time and occurrence (i.e. retirement) that they planned for arrives.

All owners will one day exit their business, either voluntarily or involuntarily. Therefore, can the Harris Poll survey results regarding retirees in general be applied to business owners?

#### **“Happiness” for Business Owners**

On any given day, many business owners are happy just to still be in business. However, in the aggregate, most owners balance a few factors in their overall determination of their own happiness.

First, most owners are “unemployable” so they know that by owning and running their privately-held business they avoid the circumstance of working for someone else, providing one level of ‘happiness’.

Next, owners tend to grow their businesses around the disciplines where they hold [often times] a high degree of specific expertise. Therefore, being able to ply their trade in their specialized area also makes owners relatively happy.

When an owner generates profits there is yet another level of happiness because of the recognition that the marketplace is putting on the value of the products and/or services that you provide.

Finally, successful owners who surround themselves with good people who help them achieve all of these goals also experience a level of satisfaction in leading their companies.

The question remains, however, as to whether or not having an ‘exit plan’ will increase one’s happiness as an owner. Well, drawing on the findings from the Harris Poll study, it only seems natural that an owner who recognizes that they WILL one day exit their business, would be happier if they knew that the marketplace would continue to get the benefit of the company’s services, the profits would continue to benefit their families (and others) and that the people who have helped that owner achieve success will also be taken care of in the future.

This newsletter suggests that having a plan to address these items, while also defining how and when the owner will experience their own exit and post-exit lifestyle, should, all things being equal, add to that owner’s overall happiness.

With all of these attributes of what may or may not make a business owner happy, where does disciplined planning fit in?

### **Surprises and Being Unhappy**

Since we know many of the areas where owners experience happiness within their businesses, it is worthwhile to look at some of the areas where owners cringe.

First, when businesses struggle to meet their financial obligations owners experience a unique form of pain.

Next, when a business does not keep pace with the marketplace or loses key employees, the owner will directly feel those losses.

Finally, when a business fails to transition to the next owner in a successful manner, many owners will feel this the hardest.

### **Where Planning Fits Into Business Succession**

This newsletter wants to highlight a strong psychological overlap between retirement planning and ‘exit planning’. And, this newsletter is also suggesting that a well thought-out and properly planned exit can assist owners with avoiding unhappy situations while also increasing the likelihood of experiencing more happiness with the later years in your business.

### **Concluding Thoughts**

This newsletter is focused on the study of retirees and their relative happiness in order to compare it to an owner’s lack of planning around their future business transition or exit. We hope that it has helped you to think through the current plans that you have for a future transition of your business and make improvements to that planning with an end goal of ultimately making you more happy.

*If you would like to discover your readiness to exit your business today, click the link below to take our ten (10) minute BERI assessment.*

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