

Changing Lanes

Transition planning for entrepreneurs and family businesses

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with compliments from



Edward Rosenfeld



Guiding Families and Business. Now to Next.

You Can't Cruise Forever



Gary was really looking forward to retirement. He had planned the sale of his financial services business well. He invested a number of years grooming and mentoring a non-family successor and, throughout the final transition period, was very conscious of the need to stand back and allow the new leader to take over. He even spent an additional year acting as the new leader's coach after the sale was complete.

The business was running well. It was now time for Gary to relax and implement some of the travel ideas he and his wife had on their bucket list. They crossed North America to spend time with their children and grandchildren. They travelled to Europe to delve into their ancestry. Early the next year they booked the trip of a lifetime – a 3-week Scandinavian cruise that afforded them the opportunity to immerse themselves in the culture of their roots.

But after that trip Gary had a revelation.

While he enjoyed the cruise immensely and concluded it was certainly worth the investment, something was missing. While he was able to relax and rejuvenate after a lifetime of conscious and often demanding pursuits, he returned home feeling rather depressed that his future didn't hold any real purpose. He realized he was suffering from the 18-month syndrome.

In this issue of Changing Lanes we will explore this syndrome that hits many retiring business owners and consider how Gary could have prevented this lack of purpose for the future. 

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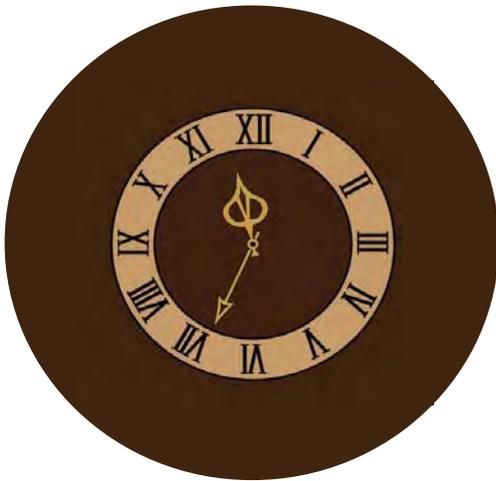
Hour Two of the Countdown

This edition of Changing Lanes is the second in a series reviewing the steps to ensuring you are able to sell your business under your terms.

Our objective is to prepare you and your business for **both** an internal sale to your family or management team, **and** an external sale to a strategic or financial buyer. As you work through the twelve hours on the clock, it will eventually become clearer which is the right option for you.

Begin with the activities that take the longest to implement.

Hour One (see previous issue) addressed the process for transitioning the knowledge, wisdom and decision-making to the potential internal successor. **Hour Two** focuses on the need to ensure you have a clear purpose for your life following the sale of the business.



Hour Two

Purpose

To ensure you have a defined purpose and passion for life after the sale of the business.

Process

Identify your overall vision and the legacy you want to leave, together with a plan for how you will re-invent yourself to fulfill that legacy. A contingency for all the “what ifs” in the form of an estate or wealth plan is key.

Payoff

A bigger future that engages your passion and energy and delivers your desired level of success, satisfaction, fulfillment, independence and/or financial security. 

The 18-Month Syndrome

All my life I have been doing business.

Now my sons have taken over and I play golf twice and tennis three times a week.

Life has to be more than playing games.

Harry

During the months immediately following the sale of the operation, most business owners are busy tying up loose ends, implementing their investment plan, or perhaps enjoying some well-deserved recreational time.

However, as time goes on, many feel more and more under-valued and under-utilized. The phone no longer rings with requests for their opinion and insight.

For those that are engaged in new pursuits, this isn't a major concern. However, people like Gary and Harry who hadn't planned beyond the immediate future, end up feeling unneeded and without a purpose for life.

At some point, usually about eighteen months after the sale, many determine that “this retirement lifestyle isn't for me”. They figure that their past success means they can be successful at anything they turn their minds to, and promptly buy another operating business in a different industry. They fail to deploy all the risk-management strategies that they know are prudent business practices. The relatively large fortune they realized from the sale of their business quickly becomes a small fortune!

Running a successful business requires both persistence and passion. These are personal qualities that don't disappear when the entrepreneur sells his or her business and continue to need an outlet. Yet so many business owners fail to plan ahead for how they will utilize these instincts or core strengths during the next stage of their lives.

Developing what we call a Post Transition Plan well in advance of the sale of the business will prevent the 18-month syndrome and as such is critical to your personal and financial well-being. 

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The Post Transition Plan

When planning for the sale of your business, it is extremely important to include a Post Transition Plan that identifies where you will direct your energy once you are no longer totally consumed by the operation.

This is not a retirement plan, but rather a plan around how you will re-invent yourself – a plan that also addresses both the inevitable and the potential changes ahead.

Consider the following key **objectives** and **outcomes** of a Post Transition Plan and then review the **Planning for Your Life** article on page 4 to see how other exiting business owners have re-invented themselves.

Objectives

■ Identification of natural instincts and core strengths

Recognizing that your day-to-day activities could change dramatically after the sale of your business, it is vital to first consider your core strengths and then identify the types of activities that will engage you, give you energy, and result in a sense of accomplishment or fulfillment.

Understanding your natural instincts and where your passions lie is the foundation for developing a purpose and a plan that is energizing. From this knowledge, you will be able to engage that inner passion in re-inventing yourself.

■ Clarity of purpose and mission

Life does not end with the sale of your business. As the saying goes: when one door closes, another opens. It is important to plan for change and the opportunity to use your core strengths in a different way.

Identifying what is important to you will help clarify your new vision for the future and itemize what you still want to achieve in life – what will deliver that sense of fulfillment. From this clarity of purpose you will be able to integrate your core strengths to map out a path that will take you to where you want to go.

■ Formulation of actions to fulfill your purpose

The last objective is to develop a route map for this new journey – a map that outlines the things you need to do to fulfill your purpose. This map will lead to development of specific action items for all goals including cultivating or maintaining relationships, supporting family members or the community, personal learning and development, and most importantly, your personal health – physical, emotional and financial health.

Outcomes

Meeting these three objectives will result in a Post Transition Plan that will provide clarity around some or all of the following:

■ A bucket list

The plan you formulate could be compared to a bucket list. From the movie of the same name, a bucket list comprises all the things you want to accomplish before you kick the bucket! It is your master plan – one that reflects your passion and core strengths.

■ A health plan

This component outlines the steps you need to take to optimize your physical and emotional health and maintain a satisfactory level of independence. This plan may include specific learning activities that support your participation in the various items on your bucket list.

■ A financial plan

Financial independence is key to maintaining your desired lifestyle so a financial plan is a vital component of every Post Transition Plan. From managing taxes, budgeting and income splitting to monitoring philanthropic pursuits and investments, a detailed financial plan should specify your 3-year goals, objectives and actions items.

■ An estate plan

At the end of the day, both you and your spouse need to be confident that you have planned for a fair and equitable distribution of your physical assets. A comprehensive estate plan will ensure alignment between your public and private wills, life and disability insurance policies, trusts, and any agreements around existing share ownership.

■ A contingency plan

All journeys are subject to detours. A contingency plan is designed to address all events that might derail your original plan. It begins with a fire drill to identify all the “what if” scenarios and then details the activities and actions that will be required to manage any major deviation from your existing health, financial or estate plans.

■ Your legacy

By sharing your personal reflections and your hopes and dreams for the future, your legacy can live on. Often more

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Planning For Your Life

Our *Planning for Your Life* process is designed to help exiting business owners take that difficult first step in determining what drives them day-by-day, and then formulate an action plan to build a new and bigger future. Here are a few examples of how business owners like you have re-invented themselves through their Post Transition Plan.

Identification of natural instincts and core strengths

It is over a decade since Sal sold the manufacturing business he founded but he continues to be driven by his passion for innovation. At 72 years of age he is still engaged by the firm to use his natural instincts and continually find ways to improve productivity.

Clarity around a purpose or mission

After his dream cruise, Gary spent some time reflecting on what had given him the greatest sense of accomplishment over his business career. He determined that helping other business owners be successful would give him a purpose, present an outlet for his eternal passion and financial expertise, and be a most satisfying way to spend his discretionary time. He is now having fun in his new consulting practice!

On the bucket list

During his Planning For Your Life process, Kevin had an epiphany! He had struggled with the idea of selling his business due to a concern about what he would do with his time. He didn't want to sit at home and "watch the grass grow". He had

no interest in travel or golf. But he had rich experiences and wisdom that he felt would be enlightening and of value to others. Now writing a book is at the top of his bucket list.

The contingency plan

Leaving their family members with adequate financial support is a mission for the majority of exiting business owners but most overlook the need to provide for their family's emotional needs during and following traumatic events. It took this passionate plea from his spouse to get Doug to act on a contingency plan:

"Whether or not you sell the business is not the most critical issue. I need to know what happens if there is a death. I don't have a key to the business and I don't know what I need to do to keep things going. We need to do a fire drill first so that I can sleep at night."

Your legacy

Regular family trust meetings serve a dual purpose: promoting your legacy and preparing your heirs for managing their inheritance. When Grant began his quarterly trust meetings, his wife and daughter questioned the need. But just two years into the process they now recognize the huge value in not only the learning, but also the communication and the connectedness. Now his children talk about Dad's contingency plan as a way to give them a "hand up" as opposed to a "hand out". 

The Post Transition Plan *continued*

powerful than a legal will, an ethical will can be utilized to communicate the life purpose and passion of the author. Although ethical wills began thousands of years ago in a written format, today's versions are often audio or video recorded. Or, if a family trust is part of your contingency plan, regular trust meetings are also very valuable for engaging the next generation and building your legacy.

For more information or help in getting started with your Post Transition Plan, just give us a call. 



Guiding Families and Business. Now to Next.

Tel: 212.579.2613

info@NOWtoNEXT.com

www.NOWtoNEXT.com

Blog: www.EdwardRosenfeld.com