Fifteen Ways to Leave Your Company Unsuccessfully – and How to Avoid Them

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Some entrepreneurs claim to not be ready to plan a succession. Some know they need to, but are scared to even think about it because "they don't know, what they don't know". Some are simply in denial, "why would I leave?" they ask, "I love my business".

Why, you may be asking, is this so?

Here are some problems that can prevent a business owner from creating a successful Transition Plan:

1. Lack of information about what to expect and about your options

2. Unresolved emotions and fears about leaving your company

3. Limited thinking about your future possibilities

4. Lack of a clear vision for your future

5. Lack of clear goals for your personal and business futures

6. Lack of a plan for how to achieve your goals

7. Lack of support from professional advisors experienced in the Transition Process

So, for all of you not planning, stuck on planning, or simply afraid, are here fifteen ways to leave your business unsuccessfully (we hope these are a wake-up call):

A. Not leaving

1. An R&D approach (repression and denial)
Owners don't even want to think about leaving, so they don't plan ahead. They do nothing. Doing nothing makes owners and their companies vulnerable when unexpected events occur, and can lead to business decline, financial loss, or to personal and family upheaval.

B. Leaving involuntarily

2. Unexpected illness or disability
If an owner has to leave suddenly due to unexpected illness or disability, but has made no plans for the future of the company, then the owner, their family, and business can all suffer.

3. Sudden death ("Dying at your desk")

If an owner has made no plans for the future of the company and dies suddenly, their family and business can both suffer.

C. Trying to leave (but being unsuccessful at it)

4. Making an impulsive decision

When owners suddenly decide they want to leave their companies, but don't take time to prepare or plan. Making an impulsive decision often happens when some negative event occurs – for example, the business is doing badly, or the owner unexpectedly develops a medical condition and suddenly has to think about leaving. But suddenly deciding to leave your business, or quickly trying to pass it on to someone else doesn't give you time to explore all your options. You can't make the best decisions, and you probably won't be able to get the money you want for your company.

5. Owner's Indecision

Owner's Indecision refers to owners who think that maybe they want to sell their companies, but they're really not sure. They might go to an M&A firm, investment banker or other business intermediary and say "I'm interested in selling my company." But very soon the owner goes back to the intermediary and says, "I changed my mind. I don't really want to sell," and take the company off the market. In fact, the owners are really only "kicking the tires" or "just looking." They are not serious sellers.

Because of this, owners who change their minds can develop a bad reputation, and may not be able to find an intermediary willing to work with them when they really are ready to transition out of their companies.

6. Seller's Remorse

Seller's Remorse is, unfortunately, a very familiar scenario. An owner decides they want to sell their company and goes to a business intermediary to help them find a buyer. The negotiations may actually have begun – and all of a sudden the owner gets "cold feet." The owner wasn't emotionally ready to sell, and stops the deal.

The owner who feels Seller's Remorse may lose more than the retainer they paid to the intermediary. Some intermediaries now charge penalties to owners who get Seller's Remorse and pull out of the selling process.

D. Trying to transfer the company to new ownership (but doing it unsuccessfully)

7. Making a limited or incorrect decision

In this scenario, the owner has a fixed idea of what they want to do with their company (for example, "I want to leave it to my son.") But this may be the wrong choice. It may be the wrong person, or the person selected may not be ready to take over. Or the company may fail later because it was passed on to the wrong person, which can be problematic for the former owner (and their family) if they were depending on future income from the company to support their new lives.

Owners need to be aware of and compare all their options before making a decision about who the best new owner should be.

8. **Trying to do it all-by-myself**
   This refers to an owner who is trying to personally sell the company to new owners, and at the same time trying to keep the company running successfully day-to-day. The business owner may lack the expertise to find a new owner, may not have enough time and energy to focus attention on both goals at once, and may fail at both. This owner needs to work with a team of professionals experienced in the transition process, who can help the owner create and implement a transition plan.

9. **Working with conflicting advisors**
   This owner seeks the advice and support of professionals experienced in the transition process, but the different advisors give the owner different advice. The owner becomes confused and frustrated, and may stop the transition process. (The owner should assemble a team of transition advisors, who will work collaboratively to help the owner transition successfully.)

10. **Inadequate value**
    Because owners didn't plan adequately, didn't improve the value of their companies or didn't work with advisors experienced in the transition process, they didn't get as much money for their companies as they could have.

E. Retiring Unsuccessfully

11. **Exit-decision remorse**
    In this scenario, an owner makes a quick decision that they want to leave their company and they quickly transfer their company to new owners. They don't take the time to look at all their options, and don't have a clear idea of what they want to do with their life after leaving their company. After they have left, they begin to have second thoughts: "Did I make the correct decision? Maybe I should have stayed working longer. Maybe I should have tried to get more money for my company," etc. Instead of enjoying their new life, they are obsessed by the thought that they may have made the wrong decision.

12. **Retirement remorse**

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Owners may successfully transfer their companies to new ownership, but if they didn't have a plan for a fulfilling new future, they don't know what to do now with all their free time. They can become bored, even depressed, and miss their old lives as owners. At least then they had something interesting and meaningful to do. They think, "I shouldn't have left. I don't know what to do with my life now."

13. **Retirement rut**

    In this scenario, owners have successfully left their companies but didn't plan what to do with their new lives. Because as owners they were busy all the time, they now find ways to become constantly busy, but these new activities don't give them a sense of meaning or purpose. They have dug themselves into a hole of meaningless activity and feel unsatisfied and depressed, but don't know how to make their lives more meaningful.

14. **Post-Transaction Stress Disorder (PTSD)**

    In Post-Transaction Stress Disorder, owners successfully left their companies, and even had a plan for what to do with their new lives. But their plan was very limited and one-dimensional – for example, "I'll play golf," or "I'll spend time with my grandkids." They soon realize that their one plan is not working out as they imagined, and this one activity isn't enough to bring them new meaning and purpose. They become bored and depressed. What they need is a more multi-sided, comprehensive and well thought-out plan for their new lives.

15. **Financial deficit**

    Financial deficit occurs when owners leave their companies and discover too late that they don't have enough money to live fulfilling, successful new lives. Financial deficit can occur for several reasons, including lack of planning, getting inadequate value for the business, or making a wrong choice in new owners who were supposed to provide the former owner with future income, but who couldn't run the business well so it failed.

Bottom line: you WILL leave someday; you can plan for it on your terms, or let others plan it for you. There is no third option.

Leaving your company successfully means that:

1. You have a plan now, for the new life you want to live.
2. You leave your company so that:
    a. You come away with the money you need for your new life.
    b. Your company continues successfully after you have left.
    c. You are able to live the new life you have designed.

To accomplish the above means that you must:

1. commit to leaving at a future date
2. build a collaborative team of advisors to help you

3. execute your plans, despite the occasional set backs

This is a simple formula that really works. It requires a lot of work over many months and often years. The good news is that it isn't rocket science, and no matter the size of your company, you can create some type of plan using this formula.

This article was adapted from our acclaimed book, *Finding Your New Owner: For Your Business, For Your Life*, by Jack Beauregard (my business partner). Jack is author, founder and CEO of Successful Transition Planning Institute in Cambridge, MA - www.theplatinumyears.com

For more information about our individual and group programs designed to help business owners and late career professionals transition successfully, please contact Dr. Larry Gard at Hamilton-Chase Consulting. Phone (312) 787-9620 or email drlgard@hamiltonchaseconsulting.com