

AND NOW, FOR YOUR NEXT ACT . . .

You're a Millionaire, Now What?

LIFE AFTER

What can we learn about life after the deal from the cases presented in Chapter 1?

Homeland Designs: Bill Chambers hired a professional manager so that he would be able to devote more attention to growth. However, he is still very much involved in his business.

Iconix: After a brief period of decompression, and then going stir-crazy, Leo Mullen reimmersed himself in starting a new business. His wife, Helene Patterson, became involved in volunteer work at a hospital.

Politics and Prose: The owners of Politics & Prose are still at the helm of their business and very much involved in the daily details of running their bookstore.

As part of the sale of his print and digital strategy business, Leo Mullen agreed to stay on to help run the business, which was a roll-

up of five different companies. Integration was a problem. The new leadership left the organization rudderless in a very stormy environment. There were firings and bloodletting. Mullen ended up in the hospital with ulcers. He found himself watching the business he had worked so hard to build and sell self-destruct.

“I was richer than I had any right to be. I had pulled off this incredible piece of alchemy, and yet I was so profoundly unhappy,” he said. “I had all of the responsibilities I had before but no authority to make the kind of decisions we needed to make. I was scared to death for all the employees who trusted me.” Given that he had given employees a fifth of the business, some used their money to retire. One became a goat farmer. But many stayed on and invested their money back into the new company, watching in horror as it crashed and burned.

In December of 2000, a year after the sale, Mullen walked into the new CEO’s office and asked to be allowed to leave. His contract required him to stay another two years. Mullen argued, however, that there was nothing he could do about the free fall, and at least the company would save the burden of his salary. He told the new CEO that there was nothing left to do here. “I said, ‘You need to fire me.’ The business had evaporated. We were doing triage. Then I was fired.”

When he walked out of the office for the last time just before Christmas, it was a relief to know it was finally over. He had pulled off an outrageously successful deal. He was a multimillionaire. Of course, no one escapes from something like this without some heartache and pain. But he comforted himself with the thought that, given the retrenchment in the industry, some of the turmoil would have happened with or without his deal. But now he was out, and was a very wealthy man.

Then it hit him: Now what?

NOW WHAT?

Mullen worked out at the gym like a maniac for six weeks, pouring all his superabundant energy into exercise. He had a stack of books that he had never found time to read, and now he drove through

them, and dug back into his old philosophy books from his undergraduate years. “Now, I realized what [my wife] Helene was feeling when she left the company,” he said. “I had defined myself as CEO for so long. All of a sudden, I’m just another guy on the street.” He had a noncompete clause for three years, so going back into the same business was out of the question, even if the market had been more attractive.

There were a lot of hours in the day. An early riser, he would wake, work out, read three newspapers, and look through his e-mail. Then, he’d look at the clock. It was only quarter to nine. He started to learn to play golf and renovated his house. He noticed with horror a decline in his mental acuity and awareness of current events.

Whiteboards in the Living Room

One day, when his wife came home, she noticed that he had taken down all the paintings in the living room. He had hung giant whiteboards in their place. On one of the boards was an idea for a new business. On another, he was calculating a system for identifying the best fit for a college for his daughter, based on SATs and GPAs. They looked around at the whiteboards on the living room walls. Then they looked at each other. They knew they had to do something. They held a family council, and the consensus was absolute: They needed to find a way to get dad out of the house. In other words, he was fired from his home.

After buying out his noncompete clause, Mullen went out and started a new business, consulting with companies to optimize the experiences that customers have when interacting with online systems. Where he had looked at the challenge from the corporate side with Iconix, he was now looking from the other direction. He built a small organization with twenty-two people. Having a pair of active partners offered more flexibility and a little less intense pace. He certainly now had the wherewithal to take it easy, but he chose to pour his heart into his new business. “My wife says I must be crazy, leaving for work at 6 or 6:30 in the morning and getting home around 7:30 or 8 in the evening. But I’m having fun. That has been my internal guidance system.”

He invited his wife to join the new business, but she declined. She has, instead, put her time and care into community service, volunteering at the oncology center at a children's hospital and serving on their board. She also runs the family and keeps track of their investments—still on the legal pads she used to use as CFO of Invisions.

If Mullen were to exit the new business, his goals for the sale would be a little different. “When and if the time comes to exit this new business—in part because of the security we now have—I’ll be much more determined to preserve the human values,” Mullen said. “That would trump economic value to me.” But he is in no hurry. His two partners, who each own 30 percent of the business, create a strong opportunity for an internal sale.

EXPLORING THE OPTIONS FOR AFTER

Once you are completely out on the street, your true work begins. You’ve put your heart and soul into this business for decades. Now what? A few CEOs make the transition to a life of yachting or golf, but most find themselves left with a hole that all the cash in the world cannot fill. There are many options, including:

- Starting a new enterprise, or working with younger partners to launch a new venture.
- Using your expertise on a corporate board or working with a private equity firm.
- Going back to school to earn the master’s or doctoral degree you’ve put off.
- Serving as a mentor to other business owners or executives.
- Serving on a nonprofit board (although this can sometimes be a surprisingly frustrating experience).
- Setting up a family foundation and, as Andrew Carnegie advised, spending the last part of your life distributing the wealth that you’ve created in the first part. This can be a very reward-

ing channel for the passion that you had poured into the business.

The key is to think ahead and prepare for this change. As with the sale itself, be clear about your goals, and be prepared for the emotions that will hit you after you sell your business. Beyond very practical matters of financial planning, examined in the preceding chapter, there are many much softer, but vital issues, to consider.

You need to be clear about what you are doing next. This will often be unfamiliar territory because you are used to waking up with your business demanding attention or some new fire to put out. In this chapter, we will examine a process for “life transition solutions,” part coaching and part strategic planning, which can help owners do serious preparation for their postsale life.

First, Give Yourself Some Space

The first action you need to take is—to do nothing. You need to resist the urge to jump into something new and create some space for yourself. This is my admonishment to you, my beloved entrepreneur. After your deal is done, please take three months off and do nothing but decompress. Avoid the temptation to set up the whiteboards in the living room. Do nothing! (In your own way, of course.) Read a frivolous book. Read *Don't Sweat the Small Stuff*, but don't sweat it if you don't finish it! Go to a comedy club! Take a nap in the middle of the day. Drink champagne before lunch in bed. (This worked well for Churchill!) It may drive you absolutely bonkers to have so much free time, but force yourself to do it. Your long-term happiness and health depend upon it.

This will probably be the hardest work that you have ever done. After working nonstop every day, this vast open expanse will about as refreshing as being dumped into the middle of the ocean. You'll immediately start wondering how long you can last out here. You'll start looking for the sharks. You'll be worrying about drowning. But if you relax into it, you will begin to see the sun shining and appreciate the experience. You'll engage in a little scuba diving or explore

some forgotten reefs. This is where you are most likely to discover your next act.

And then, after decompression, do me a favor. Look into your heart and find your *passions* in life. If it is cars, great. Art, great. Tulip collecting, great. Building another business, great. But find your passion and live your dream. I genuinely believe that most people, as Thoreau said, lead lives of quiet desperation. Do not let that be you. Go to the Everest Base Camp. Make your list of the top twenty things you must do in your life and *do them*. Then make a list of another twenty. Live your life and go for it. You've earned it!

Take a few days and go to a resort without phones, fax, or e-mail (and don't even take your BlackBerry). Spend some time alone, and then develop your personal goals for one year, five years, and ten years. It will have a surprising impact on the way you live your life.

LIFE TRANSITION SOLUTIONS

Most people expect to be challenged by the negative events of their lives—illness, divorce, loss of loved ones. But they are blindsided by the impact of a positive event such as selling a business. The sale is often at a time when the owners are going through predictable mid-life transitions, during which every aspect of their lives comes into question. About 80 percent of the men studied by Daniel J. Levinson, author of *The Seasons of Man's Life*, experienced a midlife transition. They realized they needed to change their direction and rethink the meaning of their lives. Being cut loose from the business at this moment just adds to the angst.

Among the common questions our friends at The Global Consulting Partnership hear from owners selling their businesses are:

- “How am I going to add value to the world now?”
- “How am I going to continue to grow, not to mention lead?”
- “How am I going to remain motivated and passionate?”
- “How am I going to continue to live a disciplined, responsible, and accountable life?”

A Personal Retreat

After the period of decompression for a few months, after you've cleared out some of the adrenaline of running your business, you can begin to take a more focused look at your life. The Global Consulting Partnership has developed a process for creating what they call "Life Transition Solutions." It illustrates one possible path for thinking about what happens after the sale of a business.

This process begins with a personal retreat. Executives are used to planning retreats to work out the next stages of growth for their business. Apply the same principles to your personal life. It is the same process, just a different focal point. Go to a beautiful offsite location that takes you completely away from your ordinary life. Shut off the phone and the BlackBerry. Then begin to plan for the future in a directed way. The retreat allows time for regrouping, conducting a life inventory, and refining or resetting your focus, direction, and personal mission. As TGCP's Mark Brenner notes, "A personal *retreat* is the most effective way to lay the groundwork for a life *advance*."

There are many ways to approach such a retreat. One framework for thinking through some of the key issues is the life transitions solutions created by TGCP to help executives develop a plan for living by design. There are no rules for how you approach this process, however. Even if you don't use such formal tools, they suggest some of the key areas you will need to consider in developing your own plan:

- *Create an in-depth life inventory.* You have been successful, but what are the experiences and skills that have driven that success? You need to take a careful inventory of your strengths and talents. These will form the building blocks for your next act.

- *Make use of psychometric inventories.* In assessing strengths and weaknesses, professionals such as those at TGCP can use various psychological tests to assess your work style, interpersonal style, thinking style, influencing style, and motivational style. This will give you insights into the types of business contexts or organiza-

tional contexts that will be the best fit for you. Then you can develop plans that are in line with your motivations.

- *Value your “Me Portfolio.”* Like your investment portfolio, your personal portfolio has certain assets. Where can this personal capital be deployed to achieve the most bang for the buck? What is the portfolio of activities that is the best investment for you?

- *Develop personal vision, mission, and core values.* As with a business, personal vision, mission, and values provide a foundation for how you want to operate in this world. Life is about more than business or making money. It is up to you to define what this purpose is. It provides a compass and touchstone for future decisions. If the idea of a vision and mission statement turns you off—you may have sat through too many meetings working on corporate mission statements—just work on coming up with a sense of your own value and what you want to be remembered for. One strategy for doing this is to write your own obituary.

There is a famous story about Alfred Nobel, whose obituary was accidentally published when his brother died. He saw that he was going to be remembered as the inventor of dynamite, one of the most destructive forces known to mankind. When he read the obituary, it was an eye-opener that this was to be his legacy. He then set up the Nobel Prizes, including one for peace, which were established at his death in 1896. He rewrote his history. We all write our own stories about what our lives stand for. This is an opportunity to think about what you want your legacy to be.

- *Create a wish list audit.* The next step is to define the key goals for health, intellectual development, financial success, social gratification, and other areas. While your thinking about the business has typically been convergent, this work is divergent, brainstorming about possibilities in each area and stepping back to see a whole range of possibilities.

- *Explore future scenarios.* Just as a business might look at different scenarios for the future, you can consider different personal futures. This requires looking at the changes in the world and the opportunities they create. It encourages you to look beyond a linear

projection of the past. You are then able to imagine yourself in diverse possible futures. What will it take to succeed in each future? Which ones feel like the best fit? Which of these possible worlds do you truly want to live in?

- *Create a roadmap.* The goal of this work is to develop a strategic plan for your life, similar to the strategic plan for the business that might come out of a company planning retreat. This is an action plan. It is, of course, a living document that will change over time.

GUIDELINES FOR A SUCCESSFUL TRANSITION

What are the keys to making a successful transition to life after the sale? While thinking about postsale transition long before it arrives and giving yourself space to think immediately after the sale are the biggest factor, there are also other elements that can help increase your likelihood of making a smooth and successful transition:

- *Find a change partner.* To make your plans stick, you ideally should find a change partner. This could be an old friend, a spouse, or someone who is going through a similar transition. This person can help you stay true to your direction and goals and provide support in the transition. This will ensure that you keep your plans and goals alive and don't lose sight of your direction.

- *Rediscover your dreams.* Many times this process takes you back to the beginning. After the sale, owners often rediscover passions from childhood that were set aside in the press of building a business, making money, and raising a family. Now, there is a chance to rediscover the buried interests and passions of your youth. What is it that animates you? Some business owners return to painting, studying history, writing, or other activities that they were fired up about when they were young but have long since forgotten.

- *Trust the process.* These hidden interests may not be immediately apparent. They will only be discovered if you give yourself time and space to do so. Don't give up. Keep at it. Don't be self-conscious about spending so much time thinking about yourself.

Avoid the pressures that will be all around you to jump immediately into something new. This will often be much more appealing and easier in the short term than spending time thinking about what you want to do. But it might take you in the wrong direction. If you get in touch with your own passions, you will be surprised at what emerges. Don't worry about getting it perfect out of the box. Start somewhere and keep experimenting until you find what works.

- *Talk to your spouse.* One business owner in his fifties sold his firm and expected to travel the world with his wife. He figured that they didn't need the money, so she would just quit her job. But she was committed to her successful career and had no intention of leaving it all behind to tour the globe. He had never thought to ask her. This derailed his plans and created unnecessary tension in their relationship.

If your plans call for you to spend much more time at home than in the past, you also need to begin discussions about this with your spouse. Many times, the idyllic view of life of a second honeymoon at home turns out to be a far cry from the truth. Both spouses are not used to spending so much time in one another's space, and it doesn't work at all. These are all issues you need to discuss with your spouse before, during, and after the sale. It will be a constant negotiation. When you determine your own ideal direction for after the sale, you'll typically need to discuss and adjust these plans based on input from your spouse.

A MATTER OF SURVIVAL

As we have noted, the postsale life you will develop will be completely idiosyncratic. There are no simple recipes. There are no easy guidelines. There are no ten steps to a successful life after selling your business. That is the beauty of it. You get to design your own life. This is the greatest opportunity that you have ever been presented with. Take advantage of it. Get in touch with what fires you up and live out your dreams. You've done this to a certain extent in building your business. But there is more to you than an economic actor. This is a chance to explore the many diverse other aspects of

your personality that can contribute to your own life, your family, and the world.

Every plan that emerges will be unique to the distinctive interests of the person creating it. For example, one owner who sold his business to a large firm stayed on for a few years before retiring at 57 with about \$15 to \$20 million in net worth from the sale of the business. He continues to serve on some corporate boards and began traveling extensively with his wife. In the course of the traveling, he began investing in resort real estate and flipping it for a profit, discovering a passion for this work. He also serves on the boards of several nonprofit organizations and is active in his community. He has cobbled together a portfolio of activities that fit his particular interests and aptitudes. There may not be a single focus of activity and interest but rather a balanced set of activities that add up to a satisfying life solution.

Another retired executive serves on several corporate boards. He also spends much of his time painting, a passion he rediscovered from his youth. He supports the local arts and engages in various volunteer activities. The best solution is often a balance between personal, professional, and community activities.

Although this work on postsale transition may seem soft and mushy after the hard issues you've dealt with in your business, it is vital to do it. If the idea of having a more productive life after selling your business is not enough motivation, consider that this could be a matter of survival. People who have a sense of vision and purpose are more likely to live longer. If you don't have something to tie you to the earth, your mortality risk could be quite high. You could open yourself up to illness or premature death.

This is one reason why many business owners in their eighties are still at the helm. They are realistically frightened that if they give up the business it might mean the end of them. They have nothing else. Who they are is so tied up in the business that without this purpose, what would life be? This is one reason why they put off selling. But there is a better route. You can find new passions.

This is why it is so important to define this broader purpose before the sale, or at least immediately afterward. Find out what

animates you, and go after it. Create a new positive dream even as you sell the product of your old one. Then you will not only be moving *away* from your old business, but moving *toward* something. Remember, this is what you worked so hard for. Now it is within your grasp. It is up to you to seize it.

CONCLUSION: THE POWER OF ENTREPRENEURS

Entrepreneurs who build companies are the backbone of American business. They create the most jobs. They provide livelihoods to families throughout the country. They satisfy legions of customers. To do this, entrepreneurs take great personal risk and make enormous personal sacrifices. They work eighty-hour weeks, jump on airplanes on Sundays, and spend days away from their own families. They personally guarantee bank lines. When things go bad, they lose their houses. When things go well, they make many millions of dollars. But this success is hard-fought, hard-earned. Like raising a child, it takes years of sweat and blood.

I always laugh when people begrudge an entrepreneur's pay, or big houses, or fast boats. They simply do not understand the truly enormous pressure and stress that comes with building a business. "The Buck Stops Here" is not an idle slogan. It is a way of life that can add a lot of gray to a man's or woman's scalp and can even cost marriages. Bottom line: It ain't easy folks, to build a business. It is not for the faint of heart.

And after all of that building, owners have every right to get every dollar out of the business that they have built up through years of hard work.

We hope this book will help you to do this, and create a successful life on the other side. You have every right to enjoy your newfound wealth and time. You have worked hard to get to where you are. You have worked hard to sell your business successfully. Now you deserve to build the life that you have always wanted. Go out and get it!

