Stress is an interesting bedfellow. To a point, stress is actually good for you. It provides a burst of energy, helps us focus when making decisions and allows us to accomplish more. However there is also a dark side. As stated by the American Stress Institute: “Increased stress results in increased productivity -- up to a point, after which things go rapidly downhill. However, that point or peak differs for each of us, so you need to be sensitive to the early warning symptoms and signs that suggest a stress overload is starting to push you over the hump. Such signals also differ for each of us and can be so subtle that they are often ignored until it is too late.” Under stress, we can select and reduce the information we attend to. Our concentration is impaired, there is deterioration in judgment, and we become more reactive.
As a financial advisor, I have witnessed how stress particularly impacts business owners when it comes to selling their business, especially if they have not prepared well. Looking ahead I can see this same stress impacting more and more people. We are moving into an unprecedented period in U.S. business history. Driven by the needs of the baby boomer generation, trillions of dollars’ worth of businesses will be sold and/or transitioned over the next 15 to 20 years. Businesses that created value, employment and meaning for many individuals and families are about to change hands and few owners are prepared to make the journey unscathed. Mistakes will be made and regret will prevail for many of these families because of one simple dynamic; too much stress because of too little clarity.

Without proper planning and clarity the business owner, under stress, may experience one or more of these negative outcomes. They:

1. End up selling as a result of outside circumstances instead of their own desires
2. Leave their companies on a timetable that is not in alignment with their personal goals
3. Lose control over the sales process by being reactive, which minimizes their exit options
4. Pay too much in tax especially when the sales process puts undue time pressure on reaching a “transaction”
5. Watch a lifetime of work disintegrate because of a poorly developed and executed succession plan

So what’s the solution? Clarity! Specifically, personal life clarity. The first step of almost every professional exit strategy process starts with “Identify Exit Objectives”. Without personal clarity it’s easy to lose the ability to distinguish the forest from the trees and you end up on a path that does not lead you to where you truly want to go. As a business owner looking to sell your business, first take the time to ensure that you are asking the right questions, not just the obvious ones. The benefits are clear and numerous. You will control how and when you exit; maximize value based on how you define it (and not how others define it); have more resources allocated for maximum impact for you, your family, charitable causes and society as a whole; minimize income and estate taxes; retain control by generating multiple exit options; ensure continuity of the business and its mission if that is one of your objectives; meet all your business AND personal goals; and finally reduce excessive stress on you, your family and employees.

Having clarity will allow you to steer through the many issues without feeling the stress that comes naturally from the process. For many business owners this means getting started now. Make sure you have experienced counsel so that you obtain and maintain personal clarity. Seek out excellent professional technical counsel from your trusted advisors which is critical as they can ask you the right questions, not just about your business, but about what you want to leave behind and what you want for your future. We all need less stress in our lives, and when it comes to one of the most important life and financial decisions you will ever make, be sure it’s with eyes wide open.

The information contained in this article is intended to be educational and informational in nature. It should not be construed as specific investment, legal or tax advice for your particular situation. Please consult a Brightworth Wealth Advisor with any questions. Also remember that with investing, past performance is not a guarantee of future results.

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