

Exiting a Business: the Challenges and Rewards

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Of the huge number of businesses that are started each year, hardly any make it to a life-changing sale for the owner. While not everyone's goal is to sell their business, even those who want to don't always know how. Selling a business is glamorized in the media, and it's easy to dream about popping those champagne corks, cashing that big check and sailing off into the sunset. But when the papers are signed and the shares transferred, is it everything the now business-less owner thought it would be?

Exiting a business holds challenges and rewards, some expected and some brand new. Here are the challenges and rewards of exiting a business.

The rewards

1. Financial windfall

The biggest and most obvious reward is financial. Selling a business for a healthy multiple of revenue or profit can make a huge difference to your life, because you're essentially swapping regular income for a lump sum. Paying off a mortgage, booking the trip of a lifetime or never having to work again are some of the benefits this can bring. Cashing in your chips and walking away might be the most attractive reason to consider a sale.

Instagram sold for \$1 billion and Mailchimp sold for \$12 billion, marking colossal exits for their respective founders. But you probably don't need a 10- or 11-figure exit to feel the benefit. Even a six-figure exit can set you up for life if you've invested wisely to this point.

2. Freedom and time

Running a business isn't for the faint hearted. If you've been in charge for a while, you might be craving a break. After any earnout period your sale might stipulate, you're free to do as you please. This can open doors to new interests or hobbies, volunteering, or simply sitting still. The all-encompassing world of entrepreneurship can wear people down, and selling could bring relief.

Some entrepreneurs sell because they are tired of

dealing with employees and clients and the headaches they bring. Some realize they have spent all their time living to work instead of working to live. Some want to travel more often and not have to check their email.

3. Room for new challenges

The business you run right now might not be the one you'd start from scratch, given the choice. Each year we develop as professionals and have different interests and desires for how we spend our time. Selling your current company creates a vacancy, with a world of options for how you fill it. Perhaps you've met someone you want to start a new business with – or maybe the knowledge you now have perfectly lends itself to a different industry or company type.

Maybe you avoid paid work entirely, or maybe you do something that wasn't financially feasible before your exit. Plenty of post-exit entrepreneurs choose volunteering or philanthropy as a way of spending their time and money.

4. Closing of a chapter

Humans are creatures of habit. Going to the same office and working with the same people on the same projects for the same clients can produce a staleness that only selling will shift. Being happy to close out a chapter enables you to start afresh. You draw a line under what was and welcome in what could be. A sale can mean closure and end those habits you didn't realize you had. The end might be only the beginning.

Paradoxically, many entrepreneurs enter the profession because they crave new projects and variety, then wind up building a company that's stable and consistent. In selling their company they can offload those routines they didn't want in the first place.

5. Gratitude and confidence

Hardly anyone sells their business, but you sold yours. Successfully completing can make you feel superhuman and fill you with a huge sense of gratitude. You laid the foundations; you did the work. Hardly anyone does this,



and you made it happen. Finding a buyer, negotiating a sale and completing the due diligence required to push it over the line can be tough, but it's worth it. You'll be so grateful to everyone involved and have quiet confidence about your next step.

For some entrepreneurs, however, this confidence can lead to overconfidence when they start their next venture. They forget or underestimate the energy required in getting a new venture off the ground, which causes them to give up too soon. Proceeding with caution is advisable here, including taking a pause before starting a new business.

The challenges

1. Loss of identity

If your business formed part of your identity, you might have trouble accepting that it's gone. Your name is no longer above the door; your team report to someone else; and your clients have forgotten you exist. What was once your responsibility is now none of your concern. Former colleagues and longtime friends and acquaintances don't know how to define you. You don't know how to introduce yourself to new people. There's no job title on your name tag and you're now a team of one. You might start temporarily calling yourself an "investor" or "consultant" until you figure out the title for your future.

"What do you do?" is the simplest of questions, but it filled me with dread after selling my agency. I would pause to think and mutter something about how I used to be a business owner. I didn't know how long I could answer the question with an answer about the past. I felt in a rush to turn the "I used to..." into an, "I am...", just to be able to give a good answer.

2. Existential crisis

Along with a loss of identity might come a loss of purpose. With all this free time and a plethora of options for what you do with it, you may feel stuck without a plan. Without being tapped on the shoulder or fielding questions from your team, it can feel like no one needs you. Ego creeps in to say that's bad. Life is going on for everyone else but it's standing still for you. Figuring out who you are and what you're here to do can feel like an overwhelming task that you're not sure you want.

When I sold my agency I was confused for a while. I felt the need to always be doing something useful, until I realized I didn't need to anything. Similar to how you feel

after sitting all your university exams, I was caught in old habits and holding onto past requirements of me that now didn't exist.

3. Starting from scratch

Entrepreneurs don't simply stop being entrepreneurial when they sell their company. When the next business ideas arrive and begin to excite you, at some point it will hit you that you're starting from zero. Whereas before you had processes, clients, partners and demand, now you're drumming up interest and building a team like you did way back when. Feeling back at the bottom of a metaphorical mountain can be daunting – even for a seasoned post-exit entrepreneur.

About six months after selling my company I knew I wanted to start a new business, but I knew I shouldn't rush. Along with my husband, we came up with 27 business ideas over a three-month period before we bought any domain names or considered anything seriously. Now, I'm pleased we waited.

4. Confusion over what's next

As soon as you sell there's an inevitable question: What's next? Everyone will ask you, but you might not have an answer. Others will try to involve you in their projects and you might get swept up. Or you hear an idea and jump on it and end up making your next move too soon. Especially if you're used to operating at double the speed, the space will feel strange and you'll be looking to fill it. Soul-searching is required to stop you going off in the wrong direction.

My advice if this is you? Hang out in the confusion. Enjoy it and appreciate that you might never experience it again. Not knowing what you're going to do next is a good problem to have. It's a luxurious place to be because there's no pressure to make a decision. Learn to enjoy not knowing.

5. Lack of support

Despite this being a huge deal for you, not everyone will be able to help. Post-exit entrepreneurs are in the minority so it can be hard to find people who can relate. Plus, all things considered, it's a really good problem to have and easy to understand why you might not get any sympathy. This is where networks matter. Those who have sold and gone through the void will know how you're feeling and be able to listen and help you figure things out.

When I sold, I asked for introductions to friends of friends who had done the same. I messaged post-exit entrepreneurs who had written books so I could talk about it with them. However alone you might feel, there are other people who have been there, and they will help you make sense of this phase.

Along with the huge benefits of selling a business there are five challenges to be aware of. Before you start down the route, check that you want all of the pros and can handle all the challenges. If you're seriously considering selling, read case studies of those who have done it and seek guidance from professionals in the know. Be ready for the next stage to start understanding what it might involve.

Takeaways

I sold my agency in March 2021 after ten years of running it. Having started out when I was 22, the business marked my identity for nearly all of my twenties and the exit came with extras I couldn't have predicted.

If I knew then what I know now, here's the advice I'd have wanted:

- **Take your time.** There's no rush to decide the way forward. Let yourself process what has just happened. You have earned the right to relax!
- **Don't move until you see it.** Hold off needing to define what you do or starting new ventures until you're absolutely sure that's what you want to do.
- **Run experiments.** You can do anything you want, so play around with this freedom. There's no pressure to make anything a success or keep it going if you don't want to.
- **Find a support group.** Reach out to people who have been where you are now and ask about their journey. Find out what they did and what they wished they had done after their exit and think about which parts might work for you.

To learn more about my exit and those of other entrepreneurs, you can check out my recent book, [Ten Year Career](https://www.jodiecook.com/ten-year-career/) (https://www.jodiecook.com/ten-year-career/) . For weekly emails on the topic of entrepreneur psychology and how to run a business without it running you, subscribe at [jodiecook.com](https://www.jodiecook.com). (https://www.jodiecook.com)

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