

When Owning a Company No Longer Fits Your Lifestyle



As more people are getting vaccinated and fewer COVID-19 cases are being reported, things seem to be getting back to normal. I can see the eyes of CEOs and business owners light up when discussing the number of businesses reopening, workers finding jobs and shoppers visiting stores in person.

Even so, it could take a long time for many companies to get back to a pre-COVID “normal.” Company leaders want to see consistent profit growth, dependable employees who work on-site and high productivity. However, it’s hard to bounce back after a year that was so far from normal.

Before the pandemic, many owners and CEOs had set up their companies and roles to not only generate revenue, but to also accommodate their lifestyles. They had come to expect a certain level of freedom and financial security. Or, if the business was not yet set up that way, it was probably the long-term goal. After years of working in the company they created, entrepreneurs deservedly would like to have the money and time to live the way they desire.

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But then came COVID. Suddenly, CEOs and owners had to wear more hats and work harder than ever just to keep their business afloat and maintain its value. They watched their dream lifestyle slip further and further away. Now, despite seeing increased signs of normalcy, some of these entrepreneurs have had enough, and they're ready to move on.

If you have a lifestyle business or role that is no longer suiting your lifestyle, here are three options to consider:

1. Appointing a Successor

A successor would allow you to hand off management of the company, and it could be done without selling so that you maintain financial control. Ideally, there would be someone within the company who you have been grooming to take over one day. That would allow the transition to happen quickly if the person is up to the task.

Unfortunately, especially in smaller businesses, the second in command might be a great complement to the entrepreneur but not necessarily the best choice as a successor. That can lead to a series of questions as you choose the next leader of your company:

- *Is there an existing employee who could be trained to eventually take the reins? Or would there need to be a search to find the right candidate?*
- *How long might it take until the person is ready to take the reins on the company?*
- *Does the CEO or owner have the time to train that person?*
- *Will this "CEO-in-training" position require an increase in salary — or an additional salary if it's a new position — and is that financially viable?*
- *What happens if the person doesn't work out or chooses to leave?*

Sometimes companies have the right person in-house or will turn leadership responsibilities over to a family member. Other times, the process takes years and can get expensive. It's crucial for owners and CEOs to outline what traits and skills are needed so they can find the best fit for their businesses.

2. Scaling Down

Another way for a business to better fit the owner's lifestyle is to intentionally scale it down. When there is less volume, there is naturally less to handle. However, that doesn't mean it's easy to do.

Scaling down requires cutting back on multiple aspects of the company so there are fewer clients, lower expenses and fewer staff. Of course, that translates to lower profits overall — but without salaries, rent and other costs, the owner can still make a strong income that sustains the way they want to live.

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As a smaller company, something to consider is how crucial each client becomes. If the client roster is a short one, losing a customer will significantly hurt your profits. It also will require more of your time and energy to replace that income. It can be good to get objective advice about what aspects to keep and what to let go, and how that will affect your and your company's reputations and future plans.

3. Selling the Company

If CEOs and owners are not interested in finding a successor or scaling down the business, but still want something that provides a freer lifestyle, it may be time to consider selling the business. That can seem like a dramatic decision, but the process takes time, and it may require the owner to stay on for a few years to help guide the transition.

The first step is to think about what kind of buyer might be the best option to take over the company. Most sellers want a person who can keep growing the business they started. It may be one or more individuals in the early to middle stages of their career who are ready to run their own business. Perhaps a competitor — or even a current client — is ready to expand and would gain an advantage by acquiring your company. Another option is to bring in an investment group who could team up with an experienced executive to manage the business

It is worth it to work with a professional advisor who can match your goals with the right buyer. Find someone who can answer your questions, provide counsel on how to best set up the business for a sale and help you make strategic connections. Without that objective person guiding the way, some entrepreneurs may take an offer that ends up hurting the business and costing them money — which puts a flexible lifestyle in further jeopardy

Example of a Lifestyle Change

I have worked with many owners who have sold their business and come out stronger on the other side. For example, one company in the hotel industry had been hit hard in 2020, primarily due to the drop in travel brought on by the pandemic. The owners took time to think about the future and decided that they wanted to move from hotel ownership to hotel investment. They outlined both financial and lifestyle goals for the next several years.

We worked with them to structure their company to be most advantageous to potential buyers. Our team also helped them find, evaluate and negotiate with buyers, and we eventually finalized a sale to a large hotel management company. It helped to have specific targets to hit and the time to plan out the sale. Now, with the transaction successfully completed, the owners can live the lifestyle they desire and do the hotel investment work they want to do.

Don't Settle

The last year has taught us that life is precious — and we don't know how much of it we have. If your position is no longer providing the lifestyle you want to have, it may be time to make a change. Whether that means changing your business or selling it, it is worth considering your options and getting unbiased advice. Then you can make the rest of your life the best it can be.

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