



## THE PRIVATE BANK

### *Family Dynamics*

# The Emotional Side of Selling Your Business

#### **Suzanne Mansell**

*Family Dynamics Consultant  
Wells Fargo Private Bank*

#### **Dave Specht**

*National Development Manager  
Family Dynamics  
Wells Fargo Private Bank*

#### ***In this update:***

- » *Business owners will be exposed to a normal and typical pattern of emotions that should be expected when considering the sale of a business.*
- » *The varied feelings surrounding when the business should be sold, for how much, to whom, and the internal struggles of approaching a business sale will be discussed.*

*One moment you are feeling the emotional highs of excitement and thrill of satisfaction, while the next moment you are feeling the plummeting lows of loss and grief.*

While this may sound like the description of a Hollywood love story gone wrong, it is also the possible emotional range you may experience during and after the sale of a thriving business. While no two businesses sales are alike, there are some common emotions business owners can expect to feel as a part of the process of selling the business. Knowing you might experience one or more of these emotions will help you prepare for the journey of selling your company and potentially navigate the process more successfully.

#### **Excitement, pride, and satisfaction**

For many owners, the first emotions experienced around the sale of your business will be excitement, exhilaration, and pride. The fact that there is a buyer for your company proves you have created something of value and that your product, service, or intellectual property is in demand. In the case of second- or third-generation family businesses, owners may feel pride in having perpetuated a successful legacy.

There is obvious satisfaction connected to the financial windfall the sale will create. You may have spent years building your businesses and your balance sheet, yet you may not have always had the liquid assets to enjoy the fruits of your labor. During this phase of potential buy-out, owners often assert, "It's been a good run, but I'm tired." Or, "We built this company from nothing to where we are today. What a ride it's been!" For business owners looking to off-load the stress of running the business or younger business owners who have 20-30 years of career ahead of them, the post-sale chapter of your life holds many alluring prospects, such as money and freedom.

## **Fear and second-guessing**

Despite feeling excitement about the realm of post-sale possibilities, many business owners admit that there are plenty of fears associated with selling. “What will I do with all that extra time?” After all, many owners are high achievers who thrive on constant stimulation and activity. To some, an empty calendar equates to an empty life. The sale of a business also can put a lot of stress on marriages where spouses and partners are not used to the additional time spent together or time spent in each other’s space. Many couples admit to “being married for life, but not for lunch.”

Additionally, many business owners experience the unexpected burden of ensuring that the post-sale chapter in life is more fruitful and successful than running the business ever was. This fear of future failure is a huge burden to bear, often halting a business owner from contemplating the prospect of a sale. While certain business owners are wired and ready for serial entrepreneurship, other endeavors, or investing their newfound wealth, others are accustomed to the stability created in the current businesses and the sense of certainty that they can continue to provide value for the family, employees, and community.

While fear may stop business owners from selling, it can also cause second-guessing after the decision to sell has been made. Owners may wonder, “Did I do the right thing for my employees?” “Did I just sell a company my children may have wanted to run?” “Could I have gotten more money for the company if I had waited a little longer?” “Am I really ready to retire or move on to something else?”

## **Loss and grief**

Particularly after the sale of a business, it is quite common for business owners to experience a sense of loss—a loss of identity and a loss of community. Many business owners have not pursued hobbies or passions outside of the business because of the demands the business created. Additionally, business owners may feel disconnected after a sale because many of their closest friends are co-workers, vendors, and customers. Many business owners feel lonely and lost, and others may even struggle with depression.

Selling a business also can be a grieving process for family members. Oftentimes children assume they are taking over the business someday. With the sale of the business, they may feel their identity and future has been lost as well.

During this time, it can be helpful for the business owner and affected family members to find community and develop a support system to help manage through these feelings. Talking to a coach or counselor, leaning on the experiences of financial professionals from Wells Fargo or Wells Fargo Advisors, or speaking with peers who have undergone similar experiences can be extremely beneficial.

## **Regret**

It is not uncommon for business owners to experience thoughts and feelings of regret after the sale of their businesses. In fact, statistics from The Exit Planning Institute assert that 75% of former business owners regret selling their businesses<sup>1</sup>. Business owners often realize their first business was their real passion.

Additionally, owners may try something new after the sale of their business and end up spending a lot of time and money trying to build something they are not yet equipped to build. As a result, many business owners who have undergone a sale have advised others to not jump into another endeavor too quickly. Instead, before launching into a new venture they suggest fully pondering, “What is best for me and my family?”

### **Feeling overwhelmed**

While, to many business owners, the realm of possibilities after a sale of a business can be freeing, it also can be overwhelming for many people. No matter the life stage of the business owner, without the structure and support of their company, the years following the sale can lead to unproductive listlessness on the one hand or a flurry of uninspiring activity on the other. As a result, many business owners have recommended not trying to fill the time too quickly. While it can be tempting to want to utilize one’s experience and expertise by joining boards and associations right away, the post-sale time can be a unique opportunity to be fully present, have no distractions, and use the time to re-acquaint with yourself. This may be one of the few times you get to ask yourself, “Who am I? What do I truly want?”

### **Contentment**

Despite the fact that the roller coaster of emotions involved in the sale of a business can be disconcerting to a business owner, it is also possible to experience profound moments of contentment. Many business owners have acknowledged that when they utilized the time immediately after a sale as a time for exploration and reinvention they thrived.

Addressing the following questions can be helpful during this period of exploration: “What do I want as my future and my purpose, and how can money help me achieve those goals?” “What am I curious about?” “What am I grateful for?” “What are things our family has not had time to do that we would like to do now?”

As a result of this exploration, many business owners end up finding purpose and direction, leading to clarity in terms of where to place their energies for their next chapter. The healthiest transitions from business ownership have a bridge to something else; however, what that “something else” becomes will be unique to the individual. It may be a new venture, philanthropic endeavor, board membership, mentorship, or raising a family. The most important aspect of this reinvention phase is that it is derived from an exploration of purpose and it incorporates your passions, talents, and experience in a meaningful way.

Selling a business is not just a financial transaction; it is a life-changing event. Finding ways to navigate its challenges may allow the sale to have positive outcomes for you and the lives of your loved ones and your community for years to come.

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