

"How Was it for You Dear?"

Selling out your business for a fortune is a goal that drives many people when they set up in the first place and is a dream that keeps many a harassed business person going even in the darkest of hours. But what's the feeling really like? What will you feel like the morning after, when the alarm doesn't go off and you don't have to get out of bed? If it was as good as you had hoped for, how long does the feeling of euphoria last?

We talked to a number of our clients and friends who have been there and predictably, the range of reaction was wide. The surprising thing was that, knowing them well as we do, their reactions were unpredictable. For the sake of discretion, we have changed their names.

'**Claire**' sold out the business, 80% owned by her personally, for about £6m, to a major US corporation in mid 2001. The terms of the deal meant that she had to work on for another two years and so she is now a couple of years away from it. She had set up the business six years previously, managed to have two children half way through and still kept the business going in spite of some pretty scary moments. What did she feel after the celebratory party?

Relief above all...What does she now miss? Undoubtedly, the thrill of winning new business and as a close second, she misses the people that she worked with. She doesn't miss the constant juggling act with children and business and above all the 'charged' environment in which she worked. Slow is definitely better! Retirement for her is all about being calmer, slower, and not having to deal with people she didn't really like! Living at a normal pace is better for the soul and she felt that she herself must be a nicer person for having done so.

With time to let things distil, her regrets, what she would have done differently, are these:

- Put better structures in place earlier in the development cycle of the business.
- Designed better incentive schemes for her staff
- Look for the best people

"**Richard**" sold out the business that he started and (his share was £4m) just last year and is still in his earn out period with another 3 months to go, the big question being "will the earn-out clause produce the extra £1m?". Oddly enough, his overriding feeling is one of insecurity. "Poor old chap!" most of us might say; surely £4m is enough for anyone and feeling dependent on the earn-out payment is just self-indulgent.

However, try working out what the capital will produce in income terms when invested wisely in the Bank at 4 or 5%, after you have bought a few "essentials", Taper Relief CGT and income tax at 40%. It's frighteningly little! For most of us, still in harness, we can still live off the hope that our businesses are worth a lot more than our advisers tells us. Our stock can only go up. His problem is that he is faced with the stark reality of having to live off capital, which can only go down. Gone are the expense accounts and company car!

Choosing to retire early from a major professional practice with nearly 200 partners where you have been senior partner for more years than you can remember is a decision just as challenging as selling your business. The temptation of hanging on for just one more year and saving just another £100,000 often keeps high-earning professionals at the grind stone until they are too old to enjoy the fruits of 30 years of work. Two years ago "**John**" took a very hard decision and chose his sailing boat over the Boardroom table.

poppies 36" x 24"
Acrylic on Canvas



He can now be found heading up towards the Galapagos Islands having just rounded the Cape. When I met him for lunch on one of his brief trips back to the UK, he looked disgustingly fit and so full of energy that I couldn't wait to get back to my office. He let me know that they had rented out their house for many thousands a month and were spending only a fraction of that living on the boat. He was probably saving nearly as much as he had done whilst at work.

The other thing that had become quite clear to him was that he had time to think. In work, we all dash from one money-making project to another and as a result very few of them yield the desired result. He has chosen not to take up another job, nor to keep part-time consultancies. Over six months, he had concentrated only on one idea and seemed to have come up with something of real value. Ask Jim Slater about the "Zulu Principle" (or read his eponymous book) to find out more. John has started to become involved in something that may well end up making him far more capital than he was able to accumulate during his optimal earning years in professional life.

One of the thoughts that led to John deciding to take up early retirement was the discomfort he felt having to deal with people he simply didn't like. It's surprising how quickly people who have played a major part in your life just fade away. From having been the centre of their attention, someone else takes that place. However, his disappointment is that it seems that even in a non-business environment people with little probity and who carry their ego round before them still cross your path far too often, even when you are rounding the Cape!

Happy retirement to you all!



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