



Life after exit - what happens next?

WHAT EVERY ENTREPRENEUR NEEDS TO KNOW TO BUILD A SUCCESSFUL LIFESTYLE
AFTER SELLING THEIR BUSINESS

INTRODUCTION BY DYLAN WILLIAMS



For every entrepreneur who embarks on the journey of building a business of their own, a successful business exit represents a high point in their career.

While this is rightly a cause for celebration, it also represents a step into the unknown. For some, the transition into this new phase in their lives is a straightforward one. But for others, dealing with the combination of wealth and long-awaited freedom ends up being far harder than they imagined.

Although all but a small minority of entrepreneurs ultimately end up enjoying life after exit, reaching a place where the balance of activities matches the fulfilment experienced in running a business, can take longer than expected.

In a previous report “The Long Goodbye,” we examined how entrepreneurs can make the process of planning and achieving a successful exit, easier.

This report goes further and looks at the next phase which awaits entrepreneurs: life after exit.

By sharing the experience of entrepreneurs who have gone through the process of building a new lifestyle after they have sold a business, our hope is we can help make it easier for those entering this phase of the entrepreneurial journey to understand what they can do to prepare for the challenges and opportunities that lie ahead.

I hope you enjoy reading this report and that it adds insights which help you with your own planning.

Dylan Williams | *Managing Director, Coutts*



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| 01 | WHAT HAPPENS NEXT?

A business exit represents a high point for anyone who achieves it, but it also marks a step into the unknown for many entrepreneurs.

Looking in from the outside, there are few who wouldn't want what life after a business exit seems to offer the entrepreneur. One day you are doing what you have done for years, working hard and focusing on keeping the business on track; the next day you wake up and the financial reward of all your effort is sitting in a bank account. You have the wealth, time and freedom to do whatever you choose.

For every entrepreneur who experiences this moment, they quickly realise it will define the next stage of their life as much as the original act of starting the business. But while much is written about the trials and tribulations of entrepreneurs as they grow their businesses, little attention is given as to how entrepreneurs live through this next phase of their entrepreneurial career – if indeed career is the right word.

The fact is that for all but the most high profile entrepreneurs, the business exit happens under the radar of publicity. As a trade buyer or management team quietly takes over, the entrepreneur slips away into the shadows to take a new path.

So what exactly does happen next? Where do these entrepreneurs go? And what do they do? That is the subject of this report. We explore how entrepreneurs manage to balance the opportunity which a successful business exit presents, with the challenge of reinventing a new life.

In the sections which follow we share the extent to which the experiences of entrepreneurs in their careers post-exit measure up to their expectations, what motivates the choices they make, and how easy it is to leave running a business behind in favour of a new career.



| 02 | THE HIDDEN CHALLENGES

Building a fulfilling lifestyle post-exit is harder than many entrepreneurs anticipate.

When it comes to life after exit, entrepreneurs have high expectations about what that life will bring. The vast majority expect a lifestyle which is at least as fulfilling as the one they had running their own business and, for the most part, life post-exit delivers on that expectation.

But although nearly all entrepreneurs (88%) end up satisfied with their life post-exit, many underestimate the challenge of arriving at that point of satisfaction. In our research we found three common themes which take entrepreneurs by surprise in their post-exit careers.

Of course, not every entrepreneur will face all of these challenges but if one message rings clear from this research, it is how important it is for entrepreneurs to approach life after exit with some appreciation that the process of reinvention will not necessarily be as easy as many expect.

EXIT INSIGHT - DEALING WITH REINVENTION



Tim Cooke was the co-founder of retail consultancy Planet Retail which he sold in 2007. In his experience, settling into a fulfilling life post-exit threw up many unexpected challenges.

“Looking back at the time I have had since I sold out, I have had five years of living the life of Riley: I play golf, I mix with people I enjoy and I have taken the opportunity to try a number of different things. I have gone through the social enterprise scene, tried angel investment and become involved in other businesses. I have had the freedom to try whatever I want.

But if I am honest I have now got to the point where I have gone full circle back to where I was when I started Planet Retail. I feel I have to get my teeth back into something rather than just have projects in life.

Part of the challenge I have found is adjusting to the fact that not everything I have tried has worked out as I planned. One example was the social enterprise I got involved in, I soon learnt that as it was based in Africa, it was much tougher than I anticipated managing my time and involvement in the way I wanted – it was hard to make it work.

I’m not frustrated now, but one thing which motivates me is that with two teenage sons, I want to be a good role model rather than someone who hung their boots up aged 47. The other thing I have realised is once you are no longer in business, how quickly life goes and the extent to which having challenges in your life keeps you sharp. I see people around me who have retired early, who are slowing down already, and I think that I still want more than that.”

- **It takes much longer to build a fulfilling lifestyle than many anticipate;** entrepreneurs tend to overestimate how quickly they are able to settle on a career which they enjoy after selling up
- **The process is more challenging than many imagine;** money and time in abundance do not necessarily make it easy to find a fulfilling lifestyle post-exit
- **Living with uncertainty is part and parcel of life post-exit;** few entrepreneurs anticipate the extent to which their plans may not progress as planned or the fact they may have to deal with more failure than they did in their previous career

KEY FINDINGS – THE REALITY OF LIFE AFTER EXIT

- **Entrepreneurs tend to underestimate how rewarding they will find life post-exit:** 40% of entrepreneurs say their lifestyle post-exit is more rewarding compared to just 15% of entrepreneurs pre-exit who expect that to be the case
- **The fear that life post-exit will be less rewarding than running a business is largely unfounded:** Only 12% of entrepreneurs say this is the case having sold up
- **There are high expectations of how quickly they settle on a new lifestyle they enjoy:** Before exit 50% of entrepreneurs think it will take just a year and only 22% believe it will take longer than two years
- **Many entrepreneurs take two years or more to find the lifestyle they are happy with:** Just over a third of entrepreneurs (34%) manage to find a lifestyle they are happy with in the first year and the majority (63%) get there within two years but a significant minority (38%) take two years or more to achieve the balance they want
- **Few anticipate how hard it will be to find the lifestyle which works for them:** Nearly half of entrepreneurs (49%) think it will be easy but of those who have been through the experience, 38% say it was harder than they expected
- **The need to experiment and fail is an important element of lifestyle post-exit:** 38% of entrepreneurs found this was the case after selling up compared to 11% pre-exit

| 03 | PLANNING FOR LIFE POST-EXIT

Entrepreneurs tend to underestimate the extent to which family and finances should form part of their planning before a business sale.

When it comes to preparing for life after exit, entrepreneurs are divided about how necessary and well-defined any plans for this new phase in life need to be.

Planning for lifestyle

While the majority say it is important to start planning for life after exit as part of the sale process, it is only a minority who approach an exit with a clearly defined plan of action. More than half are happy to move into the process of reinvention with no fixed plans in place.

So, is planning really that important for entrepreneurs who want to quickly establish a fulfilling life post-exit?

Hugh Chappell is the founder of two online businesses - TrustedReviews.com and bit-tech.net - which he exited in the space of exactly 12 months between 2007 and 2008. He says that the pressure of keeping two businesses on track and then exiting didn't give him time to plan for what he would do next.

“I think my experience isn't that uncommon. First you are working seven days per week and very long hours to keep the business running

and then, when you get approached by buyers, you are concentrating on the exit. Your mind is on the business and the sale, not what you are going to be doing afterwards.”

It wasn't until after exit when he was finalising the handover of his second business that his ideas about building a new career as an investor and business adviser started to form.

So, although many entrepreneurs say it is important to plan in the run up to exit, whether or not you have a concrete plan for what you want to do next makes little difference and only a small minority who fail to plan (10%) say they regret not doing more.

Financial planning

While putting the job of thinking about a new lifestyle on the backburner until the exit is complete may pose few problems, financial planning is one thing which entrepreneurs should not overlook.

Tim Cooke says this is an important area to consider as, in his experience, it will have the biggest say in the options you have and the direction your life takes take post-exit.

EXIT INSIGHT - A FAMILY AFFAIR?

One area which comes into sharp focus for many entrepreneurs when thinking about life after exit is the role of the family. Half of entrepreneurs (49%) say that when it comes to decision-making about lifestyle post-exit, family is the prime consideration.

For many, like Peter Moulds who exited the legal firm he founded in 2007, this meant taking a step back in order to spend more time with his young family.

“I had been working seven days a week and up to 20 hour days. The kids were just about to start school and family played a major role in my decision to sell up when I did. My exit was very much about my family.”

For others like Guy Readman, who bought and sold the paints business he founded in the 1970s three times before a final exit in 2007, bringing the family into his decision making went further. Part of his planning involved giving family members the opportunity to join the business.

“I wouldn’t have sold the business if the family had wanted to be involved. I gave a chance to each of my children to come in but it really wasn’t for them. They would have influenced me to stay,” he says.

In contrast to the majority of entrepreneurs who put family at the heart of their plans, a substantial number (38%) say that it isn’t the most important consideration while 13% don’t consider them at all.

“One thing that every entrepreneur needs to be aware of is the extent to which the amount [of money] you realise on exit will dictate the lifestyle you have. This may sound crude but I see exit in three divisions. The first is £1-10m – go below that and you will almost certainly have to think about a career and work – the second is £11-100m. Here you have more choices. The third is the £100m plus club and this requires a completely different approach.”

Given this link between wealth and lifestyle, it is surprising that only half of entrepreneurs (50%) say they put financial plans in place before exit. And although the majority (71%) say they end up seeking wealth management advice as part of the exit, 29% appear to get no advice at all.

The lesson for entrepreneurs contemplating a business exit is clear: financial planning is an inevitable part of the exit process so it is better to get good advice early on.

KEY FINDINGS – HOW DO ENTREPRENEURS APPROACH PLANNING FOR THEIR LIFE POST-EXIT?

Entrepreneurs who exited a business told us:

- **67% advise planning** for your lifestyle as part of the exit but only 38% said it was important to have a clear idea about what you want to do
- **50% had no fixed idea about what they wanted to do post-exit** and 62% had no plans in place
- **23% believe you should only think about life post-exit when the money is in the bank** and 10% think lifestyle post-exit isn’t something to be concerned about
- **6% wish they had done more** to put plans in place post-exit
- **50% fail to put a financial plan in place** and 5% wish they sought financial advice sooner
- **71% end up seeking wealth management advice** at some point before or after exit

Entrepreneurs who have yet to exit told us:

- **51% have a fixed idea about what they want to do post-exit** and 11% say realistic, costed plans are important
- **26% have no plans in place** and were comfortable with that, although 63% want some idea of what they are doing, but:
- **16% say financial planning will be the biggest factor dictating lifestyle post-exit** although only 45% say having a financial plan is important

| 04 | THE IMPORTANCE OF ADVICE

You may not know precisely what you want to do after you sell up, so seeking advice from those who have done it already will make the transition smoother.

Planning may not help entrepreneurs adapt to a new life after they exit their business, but one area which will pay dividends is to understand the common areas which either get in the way or help the process of reinvention.

As part of our research, we brought together a panel of 12 entrepreneurs who had experience of life post-exit. In talking to them we found six common areas which can help entrepreneurs prepare for life post-exit. Here is their advice:

1 Build and maintain your networks

Whether you have exited a business already or you are thinking about exiting one in the future, it is really important to build and maintain professional relationships early on. This will strengthen your support network once your business has been sold and bring you into contact with peers you may not otherwise meet. “Once you have exited a business it is common to find opportunities coming your way from your network. Your network can also be an important source of future staff for businesses you are involved in,” says Richard Launder who is still active in running, advising and investing in businesses after exiting his first MBO of a business in 1998.

2 Stay liquid so you can be opportunistic

Both entrepreneurs and advisers share the view that once you have sold up it pays to pause and think before making any financial decisions. The extent to which you tie up money you have accumulated can have a significant impact on the opportunities you are able to take advantage of further down the line. “When it came to my planning post-exit, I decided to keep cash available because I had an inkling that I wouldn’t retire and there would be opportunities which would rekindle my entrepreneurial spirit,” says Andrew Allan who sold his healthcare business in 2010. “It turns out that was a good decision to make.”

Seller's remorse - what entrepreneurs miss most about running their business		
1	Growing something of value	96%
2	People	89%
3	Day-to-day involvement	44%
4	Being in control	33%
5	Pressure	5%

3 **Don't put pressure on yourself to find the next big thing**

Although many entrepreneurs expect a new lifestyle to unfurl within the first year after exit, this can be unrealistic and counterproductive. "If you have worked hard and done really well in your exit, the chances are that you will be burnt out. The last thing you need to do is put pressure on yourself and get involved with something you may regret in the longer term," says Tim Cooke. "I took a year out after my exit and it was only at the end of that period that I was ready to put my time into new activities." The common piece of advice which many entrepreneurs give is to take at least six months out and enjoy yourself before starting to consider involvement in new projects.

4 **Set clear criteria around what you will and won't do**

The real benefit of life after exit is freedom of choice. Because both time and money are finite it is important to be clear about the activities which you want to get involved in as it is easy to get sucked into ones which you don't want to do. "It is as important to be clear about how you want to invest your time as it is your money," says Andrew Allan. "I approach everything with the idea of ROI in mind – that may be emotional, financial or both. The point is you need to be clear from the outset about why you are doing things."

5 **Listen to people who have made the exit journey already**

"Many entrepreneurs continue to struggle with life post-exit long after they have sold up," says Tim Cooke.

"Mixing with people who have been there already and have different ideas is very important so you can get a feel for the challenges you might face as you move into life post-exit and how people deal with them."

6 **Don't assume everything you do will be a success**

One area many entrepreneurs fail to anticipate is the extent to which the plans they have post-exit may not work out as they want. "Being prepared to deal with failure is part and parcel of life; it is just something that happens and you need to be prepared for it," says Andrew Allan. Establishing a portfolio of activities – something which the majority of entrepreneurs do – will inevitably involve experimentation and it is unrealistic to think that everything you do will work out.

| 05 | THE REALITIES OF A CAREER POST-EXIT

A love of business and wealth creation shapes the lifestyle choices of entrepreneurs post-exit: few are prepared to walk away from being involved in a business.

We asked entrepreneurs to tell us both what they planned to do and what they ended up doing with their lives post-exit. Despite their professed lack of planning and forethought, our research showed remarkable consistency in the way entrepreneurs envisage and then end up spending their time.

If there is one theme that stands out, it is that while 30% of entrepreneurs end up retiring – substantially more than originally thought they would do so – the vast majority of entrepreneurs embrace life after exit as the opportunity to further their business aspirations in a new venture or by

reinventing themselves in investment, advisory or philanthropic work.

Another striking area in the research is the extent to which entrepreneurs adopt a portfolio approach to life post-exit, with a substantial majority trying a number of different activities as they look for the right lifestyle balance.

In this section of the report we look at the lifestyle choices entrepreneurs make, what motivates them and the secret to making these new careers work.

Now you've exited, which activity will take up the majority of your time post-exit?

		Plan	Actual
1	Starting/running another business	35%	36%
2	Retirement	21%	30%
3	Investment	15%	14%
4	Advising	17%	13%
5	Philanthropy/charitable work	11%	10%

Which activities do entrepreneurs try post-exit?

72% of entrepreneurs said they built up a portfolio of activities rather than focusing on just one thing.

1	Advising another business	74%
2	Investing in another business	65%
3	Starting another business	54%
4	Philanthropy	50%
5	Retiring	27%

What motivates decision making post-exit?

		Plan	Actual
1	Being involved in business growth	23%	39%
2	Continuing to generate wealth	31%	29%
3	Giving something back	31%	14%
4	Moving away from business entirely	8%	13%
5	Being in control	6%	6%



| 06 | DOING IT ALL AGAIN – GOING BACK INTO BUSINESS

Rather than reinvent themselves as an investor or adviser, when it comes to life post-exit, the first choice for the majority of entrepreneurs is to do it all again.

And although on the surface many say they are happy to leave the pressure of running a business behind in favour of a different career post-exit, 75% of entrepreneurs say they would either start a business from scratch or buy into one if they found one they believed in. So while the exit process may throw up the opportunity for an entrepreneur to try new directions in their career, only a minority close the door entirely.

What motivates entrepreneurs to do it all again?

For some, like Paul Robson (see exit insight) who is currently in the process of building his second venture having already exited his first training business, this comes down to a combination of hunger and confidence that he can do even better this time around, having done it before.

Others like Simon Armes-Reardon admit that even though they are happily retired, the challenge of buying back into the business they sold to build it up again would be irresistible.

EXIT INSIGHT – THE SERIAL ENTREPRENEUR

Generating wealth while enjoying the buzz of building a business is something which keeps Paul Robson motivated to do it all again.

“I have started two companies from scratch. The first was a training business which I grew and sold in a period of six years. I am now doing something completely different, running a business which does inbound manufacturing for the automotive sector.

I think there is something in my blood which drives me to start and sell businesses. I still feel fit

and hungry, so as long as I have that appetite to make money, I'll continue to do so until the time comes and I decide enough is enough.

My current plan is to build this business, sell up and run another one. The good thing about a business exit is that it gives you the confidence to do it again.

One of my motivations for selling each time is to get more money and invest that again in myself without the need to rely on banks or third parties. I am not interested in investing in other people. I have always been clear that I like to be in control.”

Another common theme which entrepreneurs talk about is the need to feel in control over their own destiny.

So while few miss the pressure of business, it is clear that the buzz of business growth which 95% of entrepreneurs say they miss after they close the door on their business takes a long time to fade.

KEY FINDINGS - ATTITUDES TO RUNNING ANOTHER BUSINESS POST-EXIT

- 56% say they would start and run a new business if they found the right opportunity
- 21% would take the opportunity to buy into and run another business if the idea was right
- 23% say they will never go back to running a business
- 51% think that building one business makes you more confident to it all again
- 5% say you only have one good business in you
- 59% say it is hard to walk away entirely from being involved with business

| 07 | THE REALITY OF RETIREMENT

Although many entrepreneurs see life after exit as the opportunity to step into a new career, retirement is the second most favoured choice for entrepreneurs.

While our survey reveals that those who plan this lifestyle option are likely to stick to their plans to take a step back, many entrepreneurs suggest this is harder to achieve in practice.

As the founder of Bruline, a services business for the catering trade, Derrick Collin says his prime motivation was to grow a business which would allow him to retire with a pension.

“I had never had a pension and I always backed myself to provide one. My original strategy was to exit business completely and get a scratch golf handicap. I have ended up with a reasonable lifestyle but the thing you

have to realise is once you have retired, you still feel the need to keep your grey matter going,” he says.

“So although I did retire after six months, I started buying businesses – a whole range of them from pubs to a bus company – and now I am back involved in running them full time with no plans to stop yet.”

Talking to our panel of entrepreneurs and looking through the advice shared in the survey, one of the most consistent messages for entrepreneurs before and after exit was not to build their plans solely around retirement, as the draw of business – as investor, adviser or entrepreneur – is never far away.

EXIT INSIGHT - GOING BACK FOR MORE

Richard Launder planned to retire after exiting his first business. After stepping back for two years, the draw of business proved too strong and 12 years later he is still involved in the day-to-day running of one business, as well as actively investing in others.

"I was lucky enough to make enough money to retire when I was 48. I said to my wife when I exited the first business, why would anyone want to work if they don't have to? So I retired.

It turned out that wasn't the right decision and it took me coming home from a bad round of golf feeling totally depressed to realise I needed something more in my life.

What was hard was that I had never thought of myself as someone who was high on ego or power, but I had to accept I missed the influence which goes with running a

business and having a real say in the way it goes. I learnt a lot about myself in that process and I was lucky that my old boss phoned me back and asked me to come back into the business. I did this and also some non-exec roles which I had built up over that time. One of those roles has led to a management buy-out which I led and completed recently.

Looking back to where I thought I would be before the first sale, it's a real surprise to me to be back in business. That's because when I first exited I thought 'I have got the money now I can just enjoy myself, play golf and go on holiday'.

There are other things I do. I have non-exec roles and I chair the local FE college which is a voluntary role. But it is the business environment that really turns me on. That isn't down to the money - which is secondary - it is the feeling of success and making a difference which I find most rewarding."

EXIT INSIGHT - MAKING RETIREMENT WORK

Simon Armes-Reardon was part of the management team who bought Entec in a management buy-out in 2005 from Northumbrian Water. When the business was sold to new owners two years ago, he was happy to take a step away from running a business.

"I exited in March 2010 and did eighteen months as an adviser to the business I sold. I have been retired for 10 months and I would recommend it to anyone.

Of course you can plan for an exit and that is what I did: I had specific goals. I may never have expected to do an MBO but I had always planned to retire when I was 57.

You always need to have a view of what your end game is rather than going year-to-year with no plan, otherwise you can end up working until you are 70 with no capital.

It's a particular risk for owner managers who tend to deal with today's issues, not ones which are ten years down the road.

After the exit I didn't really want to work very much although I may consider non-exec roles or work as an adviser. I am now building a house, playing golf and learning the sax and piano. I never have a day when I think: 'what could I do today?'

| 08 | INVESTING AND ADVISING

The third most popular area where entrepreneurs spend their time post-exit is as an adviser or investor.

After selling his businesses in 2007 and 2008, Hugh Chappell developed a successful career as a non-executive director to three media businesses and an angel investor in another five. In addition he devotes time to a number of entrepreneurial organisations.

He says that in order to succeed in this post-exit career, entrepreneurs have to be able to learn the ability to influence while living with a lack of control.

“Once I sold up I wanted to try something different since I had already done time in employment at a very senior level and then running my own businesses. Investing and advising allows you to add value through experience, the connections you have and, if the opportunity is right, money,” he says.

“Although you have to recognise your role is to advise and take a back seat, it can be very difficult – particularly when things don’t go at the pace I used to set when I was running my own businesses. The flipside is it allows you to live your aspirations for a business through your investee companies and that means I am no less committed than if I was running the business myself.”

For many entrepreneurs life as an adviser ends up being too frustrating after a career of day-to-day involvement at the chalk face of a business. In particular, the discipline of taking a step back can be just too difficult to master.

For those who envisage a career as an investor, there is an additional difficulty: businesses whose management team, size and area of focus which are the right fit for the entrepreneur, may not necessarily be there to invest in when you are looking for investments to make.

EXIT INSIGHT - INVESTING, ADVISING AND BUILDING A PORTFOLIO CAREER



Andrew Allan has built up a portfolio of interests since selling his business in 2010. He says that while planning life post-exit was important, so too was retaining the

flexibility to follow the opportunities which have arisen since.

“I had fairly simple objectives when I sold up in 2010. We always wanted to build our own house. I wanted to spend more time with my two teenage girls because I had worked long hours at Diageo and then running the family business when they were young. My wife and I also wanted to pursue our interests in boating and Formula One. The only thing I thought beyond this was the need to remain liquid so I had to be careful not to over commit funds because I knew in my heart of hearts I would want to invest my proceeds and do something productive with them.

Where I have ended up is doing exactly that: we are now building our own house and I have seen our eldest daughter off to university with the younger one now doing her A-levels. It has been great to spend time with them during these critical years. The only thing that

hasn't gone quite to plan is the boating - I bought the boat and we love sailing but we are too busy to spend much time on her.

The thing that was the biggest surprise was the number of opportunities which have come my way since I sold up. I think that's partly because other entrepreneurs value the experience I gained through exit and because I am able to consider investing. I was very glad I kept cash in the bank, which has allowed me to get involved and do some fantastic things.

I have worked in a couple of non-exec roles and I am working with a family business, advising the CEO and mentoring his son. I have also started doing some residential development. Because I maintained my network post-exit, I came across these opportunities fairly easily.

So bar not having as much time for boating as I would like, everything has worked out well. Staying liquid and networked has let me do some entrepreneurial things completely outside my immediate area of expertise. I had an inkling I would do this, which is why I kept cash available because I know – and people told me - I would get bored and there was no way I would retire”.

| 09 | GIVING SOMETHING BACK

Devoting time to philanthropic or not-for-profit work is something which only a minority of entrepreneurs prioritise after they sell up.

On the face of it, it may seem strange that such a small number – just 10% – are motivated to give something back. But the reality is that post-exit, 50% of entrepreneurs get involved with some sort of philanthropic activity: they just don't tend to classify the time they give to mentoring or coaching younger entrepreneurs as 'philanthropic'.

For those who get more deeply involved like Guy Readman, philanthropic giving can be an extremely important and fulfilling part of the post-exit lifestyle.

But getting a sense of satisfaction frequently requires entrepreneurs to develop an appreciation of the different working styles and cultures in the third sector so they can work with them successfully.

The cultural side of this transition is one thing that has prevented Tim Cooke from putting his skills to further use in social enterprises. "I can see that there is a need for the things that I can do but at the end of the day, culturally, it is just too hard for it to work," he says.

For those thinking of getting involved in social enterprise, his advice is to establish clear boundaries on the limit of any influence you may have and around the use of any investment so there is complete clarity of expectations on both sides from the outset.

EXIT INSIGHT - GIVING SOMETHING BACK



Guy Readman is one person who has made a decision to invest time and money in philanthropic activity. For him, what is important is ensuring others benefit from

the wealth he has been able to generate in his years in business.

“I am very lucky in that more wealth won’t make a difference to me and my family so it is important to me to put my money to work in a way that benefits others. Through my period of buying and selling companies, I was very conscious that because I had benefited from a tax environment put in place by the Conservative government which favoured business sales, I should give something back.

I have always wanted to use my money in a way that does good and gives me pleasure. So when I sold up

for the second time in the 1980s I set up a charitable foundation which I gave a substantial amount of money to every year.

The other area I have focused on is in angel investment - something I have done since the 1980s - which I’ll admit I have found more frustrating than pleasurable. Despite this it is still important to me that I use my money to benefit the North East of England where I built my business. So when I sold my business for the last time in 2007, I got involved in Hotspur, an investor group which puts money into businesses in the area and manages the investments.

A degree of involvement in private companies can at times be both unexpectedly challenging and uncomfortable when trying to influence existing owners who in reality originally brought you in primarily because they needed an injection of more cash.”



| 10 | CONCLUSION

When we look at the insight shared by the entrepreneurs in this report, if there is one theme that unites all of their comments, it is the extent to which, regardless of how you end up spending your time, a successful post-exit lifestyle requires no small amount of planning and thought before the event.

On a practical level, that means understanding the extent to which the wealth you realise through the business sale can fund the lifestyle you want. It also means thinking about the kind of activities which will keep you fulfilled post-exit and how you want to divide your time and money between them.

Focussing on what you want is important, so too is understanding that the things that you will miss are equally likely to define your lifestyle choices. For many people, the challenge and opportunity that comes with business growth is hard to leave behind.

A fulfilling life after exit also requires a combination of hard work, patience and flexibility in order to try new

things. You need to adopt a perspective which accepts that - initially at least - you will be less able to dictate the pace at which opportunities that interest you come your way and that you may not immediately replicate your business success in everything you try.

Last, and most importantly, life post-exit requires an appreciation that your network - the one asset which you can't buy or get your hands on quickly - is just as important as time or money in the extent to which you are able to transition from owner-manager to a new lifestyle.

Methodology

The contents of this report are based on research conducted on behalf of Coutts by Native Consultancy.

The research consisted of three phases:

- Qualitative research from two separate focus group discussions among entrepreneurs with experience of life after a business exit
- Quantitative research from a randomly selected sample of entrepreneurs consisting of 180 respondents
- In-depth interviews with 12 individuals with direct experience of exiting a business based on the findings of the research

The research was completed in September 2012.

To find out more please contact your
Wealth Manager or Private Banker.

Disclaimer:

This report is written for information only in general terms and its application in specific circumstances will depend on the particular facts. We strongly recommend you seek your own advice from your lawyers, and other advisers. The content of this report does not constitute advice whatsoever from Coutts and Coutts will not be liable for any loss arising from your reliance on any of the information contained in it.

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