

WALKING TO DESTINY

11 Actions an Owner **MUST**
Take to Rapidly Grow Value
& Unlock Wealth

CHRISTOPHER M. SNIDER

CHAPTER FIVE

The Third Leg of the Stool

Personal, financial, and business goals must be in alignment in order for you to successfully grow and transition your business.

The alignment of the three legs of the stool is a concept called Master Planning, created by Peter Christman, a very good friend and mentor to me and many others. Pete, or “The Original” as we affectionately call him, is the co-founder of EPI and was a very successful investment banker for Geneva Capital. As the leading

sales guy for Geneva, he was selling many of his clients’ businesses at a premium. But he noticed that despite having a lot of money after the sale, many of his clients were miserable. He realized that the cause of this was because all the personal planning was happening *after* the sale.

Pete realized he needed to change this. He partnered with Richard Jackim, the president of The Christman Group, Pete’s investment banking firm at the time, and they began to study this phenomenon. They authored *The \$10 Trillion Opportunity*, and founded EPI in 2005. In 2007, due to demand from professional advisors who wanted to learn how to perform

Shine On

Eric Bibb

I know what you've been through, I see

Keep on when your mind says quit

Dream on 'til you find your living it

Don't stop 'til you win your prize

Lean on all the love that is in my eyes

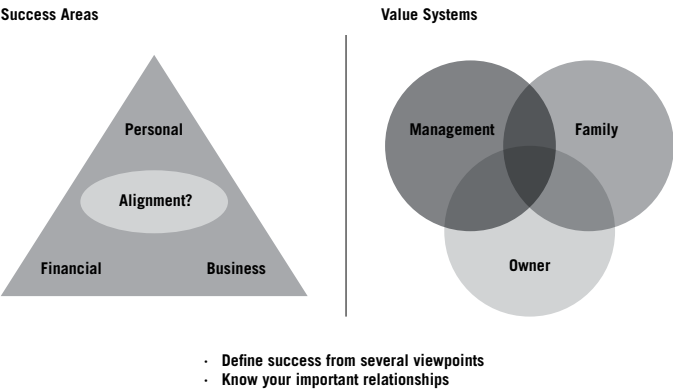
You're a diamond to me, yes you are

That's what you're born to do

Shine on

more effective exit planning, Pete and Rich introduced the Certified Exit Planning Advisor (CEPA) credentialing program and began teaching that to have a successful exit, personal, financial, and business goals must all be in alignment.

Exhibit I: Drivers and Influences



SUCCESS AREAS OF A MASTER PLAN

Ten years passed before Pete introduced his new book, *The Master Plan*. This book was written with business owners in mind, and specifically discusses how to use Master Planning to align the three legs of the stool into one “Master Plan,” putting the owner and the owner’s family at the center of the process.

Review the value systems chart again. Your definition of “success” needs to be defined in each of these areas, and from several viewpoints, considering the important relationships that come from your roles of family member, manager, and owner.

From a personal standpoint, you need to consider things like family and friends, self-worth, self-identity, philanthropy, health, what you do

for fun, and for many, your religion and personal spiritual values.

Financially, you need to consider your income requirements, risk profile, personal wealth, retirement needs, and long-term health.

And for your business, you need to consider things like the direction of the business, factors that drive value into the business, the salability and ongoing viability of the business, the predictability of the business's income stream, the overall health of the business, and your staff, systems, management succession, and business risks.

“...I don’t believe your business is your life, though it does and can play a significantly important role in your life. But before you can determine what that role will be, you must ask yourself these questions: What do I value most? What kind of life do I want? What do I want my life to look like, to feel like? Who do I wish to be?” —Michael Gerber, E-Myth

Value Acceleration is a management and life planning system focused on value *and* income; it integrates the three legs, putting you and your family at center of the process. It promotes team play for all stakeholders. It clarifies the roadmap to success. Accountability is built into the system. It has clear deliverables and benefits. And it is measurable. If Master Planning is the concept, Value Acceleration is how you implement it.

In addition, Value Acceleration can also be used as a development, intergenerational, and employee transition measurement tool, educating the next generation of management about factors that enhance value. It can be used as a tool to teach your team how to create value, not just more income; measure their performance; and benchmark value creation.

PLANNING YOUR BEST ACT

Pete's thought that your personal, financial, and business goals need to be aligned is correct. But which one would you say you give the least attention to today? Personal planning.

It's pretty true across the board, and frankly, you probably didn't get where you are by putting your own needs ahead of your business or your loved ones. What was a strength in your career can manifest as a major weakness in your transition. You have sacrificed the other parts of your life for so many years that planning a meaningful third act gets pushed aside as a soft topic. You need to apply the same skills that made you a successful owner toward planning your next 30 years. Value Acceleration only works if your personal needs receive *equal* attention to your business and financial needs.

If there is one thing I have learned in working with business owners (and as an owner myself), it's that the thought of separating personal from business is ludicrous. Business is personal. It is part of our very nature and a huge part of our identity. Personal goals and objectives, including your family, partners, and the needs of other stakeholders, should be driving the business, not the other way around.

According to Michael Gerber, the noted small business management guru and author of *E-Myth*, finding your personal purpose is what motivates you to get up every morning and slug away. In fact, if you are familiar with Gerber's book, you will note that his business development process starts with a personal question: "What personal purpose is the business serving for you?"

Getting in touch with your personal purpose is vital to having a successful, growing business, and even more so, to building a successful and fulfilling life after you exit. But it requires that you wrestle with things like age and health, personal identity, personal goals, purpose, family responsibilities, lifestyle, community involvement, motivation, and enthusiasm.

Face it, succession is a deeply personal experience. It is complex and emotional. It forces you to deal with your business and personal mortality. It can rob you of your identity. It threatens your sense of purpose and self-worth.

I received a call from Tom, an attorney I work with. He wanted me to meet one of his clients, who he said was “ready” to exit.

“What makes you think he's ready?” I asked.

“He and the wife are burnt out. They've had enough. They are ready to retire and move on,” Tom replied easily.

Upon hearing these kinds of statements, I always have a private chuckle.

“Okay,” I said, “let's meet with them and see if they are really ready.”

The next week I sat down with Tom and his two clients, Ed and Joan, the burnt-out husband and wife. I was initially pleased, thinking it was a good sign that both the husband, the true and sole owner, and his wife were present for the meeting. *Off to a good start*, I thought. After some introductions, discussion about the business, and a little getting to know each other, the conversation evolved.

Chris: “So Tom tells me you are ready to sell.”

Ed: “Oh yeah, I'm done. I recently turned 65 and I just can't do it anymore. Time to move on.”

Chris: “What do you plan to do after you sell the business?”

Ed: "We're moving to Colorado." Joan was beaming.
She looked very happy.

Chris: "Oh, great! Why Colorado?"

Joan: "We love it there. We have been vacationing there
for years. We just love the mountains."

Chris: "Cool. Sounds nice. But what are you going to do there?"

Ed: "We're going to build a home and retire there."

Chris: "Excellent! But what are you going to do there?"

Ed: "I just told you. We're going to build a house and
retire there."

Chris: "Right, got it. But what are you going to *do* there?"

Ed started to show a little aggravation.

Ed: "I already told you what we're going to do. We're going to
retire. What are you getting at?" Joan was not smiling anymore.

Chris: "Well, how long have you owned this business?"

Ed: "For about 35 years."

Chris: "And how many hours a week do you spend
working in the business?"

Ed: “It varies, but probably 50, 60, maybe even 70 hours a week sometimes.”

Chris: “So let me get this right. You have been working in this business for 50 to 70 hours a week for 35 years and your only plan after you leave this business is that you are going to build a house in Colorado and live there for the rest of your life? How long do you think it will be before you drive each other crazy or die from boredom? Do you know what kind of income you will need to get you through your retirement?”

Ed: “Well, yes, we have some money saved up and once you sell the business, we should have plenty of money, right?”

Chris: “What makes you think the business is salable?”

Ed: “Well, I just assumed someone would want it. After all, it's been producing a nice living for my family for 35 years.”

Bad assumption. And on top of that, no personal plan. No written plan. No preparation. What do you think are the chances of succeeding with this transition? And by “succeeding,” I don't mean just having enough financial resources to live comfortably even if the business could be sold. Your success in your third act is dependent on being personally fulfilled, having a purpose, and being active after you leave the business.

In contrast, I have lots of really great stories of owners who have exited their businesses and are now living completely different lives and embracing new endeavors. Some of them have dedicated their lives to philanthropy, giving back to the community that helped them succeed. Some of them have started new businesses and even families.

One of my good friends grew a successful tech business and sold it at a premium. He was single all those years, as he dedicated his life to building his business. In his next act, he found love and now he is married and raising two children. His focus has shifted from work to family. And though he has since purchased a new business that he is very passionate about, his new entrepreneurial existence has made more space for things that matter to him personally.

Another owner-friend of mine is in the process of transitioning his businesses to his children. In fact, he shared his experience at an EPI Owners Forum just last year. He explained that he had sort of gone on autopilot, and in turn, so had the business. He has a few health issues and his enthusiasm for the business was diminishing rapidly. He thought that bringing in his children would allow him the opportunity to slow down. Just the opposite happened. The energy and passion exhibited by his much younger children invigorated him. Not having to spend as much time working in the family business allowed him the time and freedom to pursue some other passions that he never had enough time for before. For example, he loves fishing and so he invested in a company that supplies fishing gear. He's also spending more time on his real estate investments, another passion of his.

Owners don't think about these things as much as we should and we tend to neglect these personal matters as our business consumes us. However, it's these personal things that ultimately determine your welfare and happiness. For the most part, the reason that 75% of owners profoundly regretted the decision to exit when responding to the Price Waterhouse survey involved personal reasons, not financial reasons. Most of you don't know what you are going to do after you exit. If you have not planned how to stay relevant, it's highly likely you won't have anything fulfilling in your life anymore...at least from your point of view. You will get bored. And if your next act goes another 30 years, you could be bored for a very long time.

Owners are not the kind of people who sit around much. We are doers. We are busy. We need to be engaged in something. You don't have to be busy with your business in your third act if you don't want to be. Some, myself included, love the game of business. Given a choice, I may never get out of business at all. But, God forbid, if something does happen, I'm going to be ready. And if all goes well, I still have a lot I want to get done. I don't want the grind, or perhaps am not willing to take the risks I used to take. But I definitely want to stay busy, and I definitely want to live a fulfilling life. I'm not done yet.

Owning a business fills up your life. Your identity is tied to it. It is a great source of pride and joy. It keeps you busy and fulfilled. It provides you with a great living. It doesn't cheat on you. It doesn't betray you. It's loyal and steadfast. It's the one place you can go where, in many ways, you think you are totally in control. You have status and respect. The business is a vehicle for expression of your vision and aspirations.

But staying busy in your business also gives you an excuse to ignore the personal things that are gnawing at the back of your brain and poking you in the heart. You're too busy to deal with that soft stuff. You'll deal with it at another time. You think there will be plenty of time to deal with it down the road. Right now, you have a problem in the business that you need to solve... sound familiar?

You can't continue to do this as you approach the needs of your third act. You need to integrate the personal side into the daily operations of your life. You need to spend *equal time* getting in touch with your personal purpose.

BRING PERSONAL PLANNING INTO THE PRESENT

To bring exit planning into the present, begin planning your next act now. By getting started early, you give yourself time to plan your best act

properly. I was working with the owners of a business, who, before going into business together, had a serious musical career. At the pinnacle of their previous life, they were nominated for a Grammy Award! What do you think was their passion outside the business? Naturally, it was music. We began to explore this in their personal workshop.

Chris: "What did you have in mind for what you want to do after you exit?"

Owner #1: "I would like to start a musical institute where we could help children get into music and provide them with coaching so things don't happen to them like they happened to us."

Chris: "Go on, describe it to me."

Owner #2: "We would have a building where we could teach music and voice, provide coaching about the music business, and have a recording studio so we could start recording again."

Chris: "Do you have a written plan for this?"

Owner #1: "Well, no. It's all up in my head. But I can visualize it right now."

Chris: "Okay, one of your personal actions over the next 90 days is to outline, or even better, write a business plan for this musical institute. Let's make it real by putting it on paper. Write a vision and mission statement. Where will the building be located? What's your budget? Where will the funds come from to construct the building and stock it with all the equipment you will need? How will it be staffed? How will you market it?"

These owners had no intention at that time of exiting their business. They knew, of course, they would someday, but not right now.

Chris: “How are you going to fit this in given your current workload with the business?”

Owner #3: “I don’t know, but it sure would be nice.”

Well, they got very excited about this. Within a few years, they had a building and recording studio, and they were recording a new album. They created time for this because it was their real passion. When I was visiting them several years later, I suggested we meet at ten o’ clock the next morning.

Owner #1: “Oh no, I can’t do ten. That’s my recording time!”

When the time does come for them to exit their business, it will go much smoother and the likelihood that their third act will be their best act is very high.

S.T.E.P.

To get in touch with your personal side, I suggest you play around with a simple exercise called S.T.E.P. It stands for Spiritual, Things, Experiences, and People.

SPIRITUAL

Ask yourself, “What is the source of my inspiration?” Stephen Covey, the author of *The Seven Habits of Highly Effective People*, refers to this as finding your center. He writes, “Whatever is at the center of our life will be the source of our security, guidance, wisdom, and power.” He explains that all of us have a center, although many of us may not recognize it or be in touch with it. Some of us may be spouse-centered, family-centered, money-centered, work-centered, possession-centered, friend- or enemy-centered, church-centered, or self-centered. Finding your center is critical to learning about what motivates and inspires you—where your passion comes from.

THINGS

All of us are possession-centered to some degree. We work hard to accumulate “things” that we want. Some of us want wealth, security, cars, homes, private schools, etc. Ask yourself, “What things do I want that I don’t have today and what things could I live without?”

EXPERIENCES

To really live life well is to experience life. Ask yourself, “What experiences in my life do I cherish the most? What do I still want to experience someday?” Perhaps it is something on your bucket list. Getting in touch with the experiences you most treasure and those you wish for can be helpful in discovering what is most important to you personally. For me, for example, I think of the birth of my children (family), my marriage to my wife (spouse), attending the Final Four and riding in an Indy car (pleasure), the sale of Flexalloy (money), and the launch of my family business (work). These are some of the experiences that I cherish.

PEOPLE

Finally, think about the people in your life in the past, present, and future. Are there people who have mentored you and helped you, and people you have helped or may want to help? Are there people you wish you could spend more time with? Are there people you need to thank?

One of my clients decided they wanted to sell their business so that they could spend more time with their grandchildren. To them, their grandchildren had become the center of their life. That personal shift motivated them to prepare and then sell their business.

Perhaps one of your personal goals over the next 90 days might be to investigate the abundant literature on this subject. Covey would be a good place to start. Go through the S.T.E.P. exercise over a weekend and try to reconnect with what's really driving you personally. Find out what's important to you. What's your center?

Your Primary Aim, as Gerber has named it, or your personal purpose, "is the vision necessary to bring your business to life and your life to your business. It provides you with a purpose. It provides you with energy. It provides you with the grist for your day-to-day mill."

INTEGRATING THE THREE LEGS INTO A MASTER PLAN

Aligning personal, financial, and business objectives is a core principle on which the CEPA program is built. To succeed today and in the future, you need to make sure that you are giving equal attention to all three legs of the stool. The walk needs to begin by making sure you are in touch with your center and your personal purpose. This personal purpose will identify what your personal financial needs are today and in the future. You will use your business to drive the income and, more importantly, the transferable value to create the financial resources to enable you to achieve your personal

purpose and help others.

As Wallace Wattles wrote, “Behind this purpose must be an invincible and unwavering faith that the thing is already yours; that it is ‘at hand’ and you have only to take possession of it. He who acquires this power becomes a Master Mind. He can conquer fate; he can have what he wants.”

In this way, you walk your path to destiny.

PUBLIC SPEAKING

Walking to Destiny provides a roadmap and concepts which, when adopted, can increase readiness and attractiveness as business owners approach their exit. Chris Snider delivers keynote speeches, trainings, and workshops surrounding the topics of Master Planning and the Three Legs of the Stool, the Four C's, the Five Stages of Value Maturity, and Relentless Execution. This education is for:

- Top-tier professional advisors and consultants dedicated to helping their clients successfully grow and exit their businesses
- Legal, asset management, and accounting firms committed to successful wealth transfers
- Business owners looking to educate their executives and staff on how to grow value in the business and think like owners
- Community leaders wanting to educate their local business owner market on how to successfully transition their businesses
- Industry associations dedicated to preparing their members for succession
- Financial/professional associations looking to educate their members on how to perform exit planning services
- Entrepreneurs wanting to use exit strategy as a business strategy and stage their company for rapid growth and high market value

For speaking fees and availability, please contact Brooke Norman at (216) 712-4244 or BNorman@Exit-Planning-Institute.org.

Chris Snider is a frequent speaker in Chicago, Cleveland, New York City, San Francisco, San Diego, Las Vegas, Phoenix, Dallas, South Florida, St. Louis, Milwaukee, Atlanta, Los Angeles, and New Orleans. Discounts on travel are available for back-to-back bookings.

VOICE OF THE INDUSTRY

Christopher M. Snider, CEPA, CEO and president of the Exit Planning Institute, creator of the Value Acceleration Methodology™, and managing partner of Snider Premier Growth, is recognized as a thought leader and trendsetter in the field of value acceleration and exit planning. With a message that resonates with entrepreneurs across the country, Chris is a



sought-after speaker for many major companies and trade industries, and the associated organizations that are dedicated to serving the transition and growth needs of business owners.

He built his career as a key value growth integrator for major companies, including The Sherwin Williams Company, FedEx Logistics, Nike, Dell, and Textron. Finding passion in

changing middle market business owners' lives through rapid growth projects, Chris emerged a game-changer, noting a milestone project with a family-owned private company that he helped grow from \$90 million to over \$240 million in three years and successfully selling to a multi-national strategic buyer. Now with a wealth of experience and a proven value acceleration system, Chris has established a family investment company with his son, with ownership stakes in eight lower middle market businesses.

FOR BUSINESS OWNERS. BY A BUSINESS OWNER.

Walking to Destiny is not only your essential resource to understand what makes your business attractive and ready for transition; it is a business owner's handbook to learn how to rapidly grow value and ultimately unlock the personal wealth trapped in your most significant financial asset: *your business*.

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your business attractive and ready for transition."

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