Finish Big: How Great Entrepreneurs Exit Their Companies on Top

Bo Burlingham
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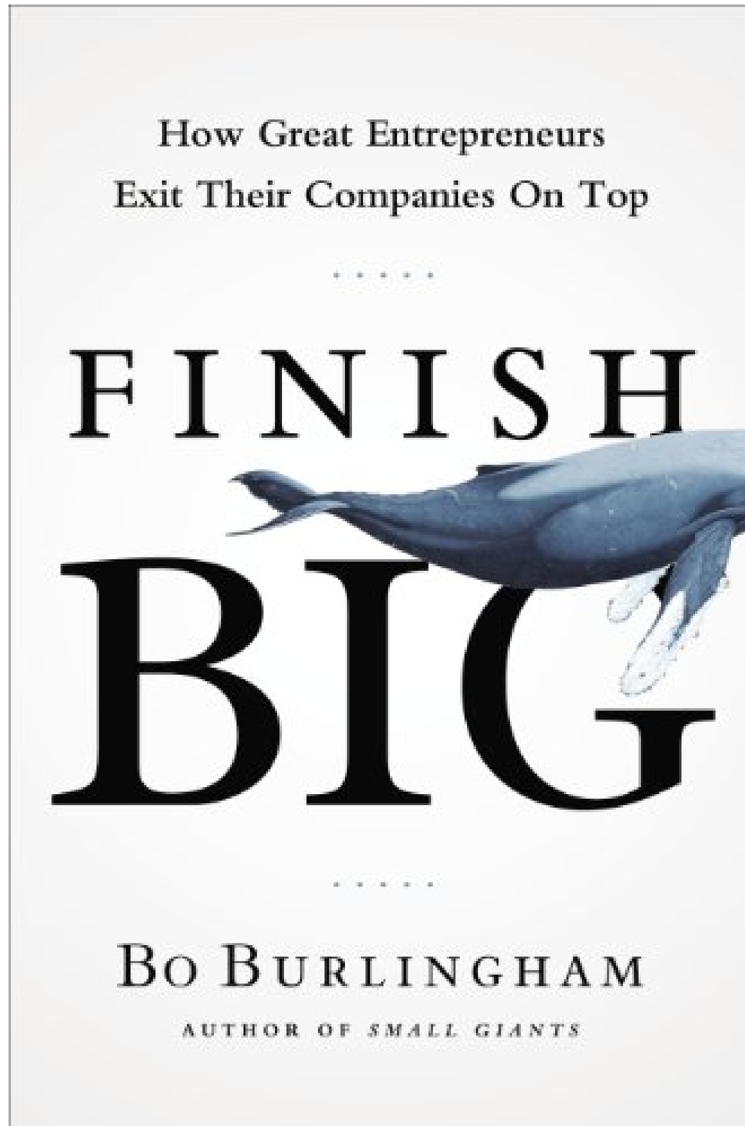

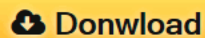

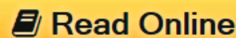

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Bo Burlingham : Finish Big: How Great Entrepreneurs Exit Their Companies on Top before purchasing it in order to gage whether or not it would be worth my time, and all praised Finish Big: How Great Entrepreneurs Exit Their Companies on Top:

6 of 6 people found the following review helpful. A very important topic that is rarely addressedBy Srikumar S. RaoI have been a fan of Bo Burlingham for more than three decades starting from his articles for Inc, through his Street Smart columns with Norm Brodsky and his last book Small Giants. What I really liked about Small Giants is the light it shed on successful companies whose founders/owners had a clear view of what they wanted their business to be like and the diversity of these views.Finish Big focuses on a different theme - how do you, as an entrepreneur exit your

company?You WILL exit even if it is because you are carried out feet first. The question is whether you will do it on your terms or by happenstance.Most of what is available on this subject deals with how to obtain the 'maximum' amount of cash for your company. But there are a host of other issues: Do you want to be involved after the transition? How concerned are you about the culture of the company and what happens to it? What about the employees - do you feel you 'owe' them anything? And customers/clients?Most important, What do YOU want to do next? Do you know and are you at peace with it?Burlingham points out that - regardless of whether or not you plan to leave your company in the forseeable future - you should start thinking about that exit NOW. The reason is simple - looking at your company the way a potential purchaser would gives you innumerable ways to improve its operation right away.He discusses a 'Sellability Score' that has eight factors:1) Financial performance2) Growth potential3) Overdependence - on a customer or vendor or employee or whatever4) Cashflow5) Recurring revenue - anything, such as contracts with customers, that provides some stability of revenue6) Unique Value Proposition - What do you offer that competitors cannot easily match?7) Customer satisfaction - if they love you they will be loyal and your business will be worth more8) Strength of management team - will management fall apart if you leave?Ultimately Burlingham is a tale spinner and the lessons emerge organically from the stories. For example, Martin Babinec ran a company callee TriNet - a professional employer organization. This means that TriNet served as the employer of record and saved its clients the burden of maintaining a personnel department. Which meant that TriNet had to grow to reap the benefits of scale in matters like buying health insurance or upgrading its technology.Babinec accepted funding from a publicly traded company and this came with the caveat that milestones had to be met before each tranche of the funds were delivered. What happened when he missed a commitment makes gripping reading and the lesson he learnt is valuable to all entrepreneurs.The book is peppered with many such stories and anecdotes and most are of real companies with real names of the persons involved.I would particularly like to note that there are many valuable resources in the book but you have to keep your eyes open to recognize that these are valuable resources. These include names of consultants, sources of information and so on. Even the nature of business of some of the companies profiled is a great resource - you may well be able to use the services of some of them to your benefit.Would have been nice if this had been explicitly recognized and each chapter had a section listing these resources and others for further exploration.But this is a minor quibble. The book is both informative and easy to read so go, get it.1 of 1 people found the following review helpful. How to avoid squandering the hard work of building a companyBy Taylor in NYCBuilding a company from scratch is incredibly hard, and this book will teach you how not to squander that effort.As someone new to the startup game, it's easy to overlook the importance of the later stages of a company. Finish Big paints a clear picture of the pitfalls of this ignorance, namely:- Failing to prepare a company for exit and not being able to when you want to- Exiting on unfavorable terms that mitigate years of hard work- Not actually knowing your own endgame and taking a deal that leaves you unhappyIn particular I think VC-style tech entrepreneurs should give this book a look because our niche over-hypes the fast exit and doesn't shed enough light on why you may want to bootstrap so as to maintain control or build and run a company longer than 5 years.3 of 3 people found the following review helpful. ldquo;A good exit takes time ndash; measured in yearsBy CK Wendellldquo;A good exit takes time ndash; measured in years, not monthsrdquo;Hundreds of books have been published for the aspiring entrepreneur who wants to start a business. At the same time, very few books pay attention to where the startup company wants to eventually be, or having an exit strategy that is literal, graceful, and planned out well in advance.Beginning with the end in mind is the emphasis of author and small business expert Bo Burlingham, in his latest book, ldquo;Finish Bigrdquo;. Several years ago, Burlingham wrote the indispensable business bible, ldquo;Small Giantsrdquo; that chronicled successful companies that chose to make their business great instead of big.In ldquo;Finish Bigrdquo;, Burlingham points out that the very few business owners hand off their companies successfully. These owners have not positioned their companies well financially, failed to offer any future value or growth to potential buyers, rely heavily on one major customer, or operate with a top-down management style that fails to delegate important tasks to employees.Burlingham blends his past management experience with dozens of interviews with business owners that have gone through the succession process. He asked each what made leaving their company either a positive or negative experience.The exiting owners that felt positive had the satisfaction of believing that their employees would be treated fairly by their successors and that their established company culture would be preserved. Owners satisfied handing off the reins also felt they were well compensated for their investment and left with a genuine sense of personal accomplishment. The owners that had negative experiences more often than not were forced to sell and had given little prior thought to getting out or planning any kind of exit.For some owners, leaving the business means carrying them out on a stretcher. For others, the day-to-day excitement of managing a thriving enterprise makes it difficult to ever think of leaving. In other words, they want to work in their business as long as they possibly can.This was true for Paul Saginaw and Ari Weinzweig, co-founders of Zingermanrsquo;s Delicatessen in Ann Arbor. Both owners thoroughly enjoyed running the deli and the companies that grew out of it (bakery, restaurant, creamery, coffee roastery, and hospitality training). Saginaw and Weinzweig wanted to protect the company against anything that could possibly happen to either one of them, in the short and long term. After Saginaw suffered a heart attack in 2009, the partners and employees went through the process of developing a company governance policy, detailing the way the business would be owned, managed, and

valued without a key partner.Burlingham breaks the succession process into four stages: exploration, strategy, execution, and transition. ldquo;Finish Bigrdquo; also introduces a system devised by Burlinghamrsquo;s cohort, and exit strategy expert John Warrillow, called the Sensibility Scale, which helps business owners look at their companies objectively, by stepping outside and looking at it from the perspective of an employee, customer, investor, or purchaser.ldquo;Finish Bigrdquo; also recommends working with experts who have been through the process along with the assistance of an experienced accountant and business broker. Again, selling a company is only part of a succession plan. Itrsquo;s stressed that when starting a business, the emphasis should be placed on how long the founder wants to own the business and how the founderrsquo;s life cycle fits into the companyrsquo;s long term plans. In other words, too many people begin a business without a strong vision of what the end game is.At first glance, ldquo;Finish Bigrdquo; appears to be a book relevant just to those handing off their business. Burlingham breathes life into a topic that for years has been relegated to the back burner of important business issues. Although medium to large sized companies are featured, ldquo;Finish Bigrdquo; is strongly recommended for those just beginning the business planning process.

ldquo;No two exit experiences are exactly alike. Some people wind up happy with the process and satisfied with the way it turned out while others look back on it as a nightmare. The question I hope to answer in this book is why. What did the people with lsquo;goodrsquo; exits do differently from those whorsquo;d had lsquo;badrsquo; exits?rdquo;When pioneering business journalist and Inc. magazine editor at large Bo Burlingham wrote Small Giants, it became an instant classic for its original take on a common business problemmdash;how to handle the pressure to grow.Now Burlingham is back to tackle an even more common problemmdash;how to exit your company well. Sooner or later, all entrepreneurs leave their businesses and all businesses get sold, given away, or liquidated. Whatever your preferred outcome, you need to start planning for it while you still have time and options. The beautiful part is that if you start early enough, the process will lead you to build a better, stronger, more resilient company, as well as one with a higher market value. Unfortunately, most owners donrsquo;t start early enoughmdash;and pay a steep price for their procrastination.Burlingham interviewed dozens of entrepreneurs across a range of industries and identified eight key factors that determine whether owners are happy after leaving their businesses. His book showcases the insights, exit plans, and cautionary tales of entrepreneurs such asRay Pagano: founder of a leading manufacturer of housings for security cameras. He turned down a bid for his company and instead changed his management style, resulting in a subsequent sale for four times the original offer.Bill Niman: founder of the iconic Niman Ranch, which revolutionized the meat industry. He learned about unhappy exits when he was forced to sell to private equity investors, leaving him with nothing to show for his thirty-five years in business.Gary Hirshberg: founder of organic yogurt pioneer Stonyfield Farm. He pulled off the nearly impossible task of finding a large company that would buy out his 275 small investors at a premium price while letting him retain complete control of the business.Through such stories, Burlingham offers an illuminating and inspirational guide to one of the most stressful, and yet potentially rewarding, processes business owners must go through. And he explores the emotional challenges they face at every step of the way.At the end of the day, owning a business is about more than selling goods and services. Itrsquo;s about making choices that shape your entire life, both professional and personal. Finish Big helps you figure out how to face your future with confidence and be able to someday look back on your journey with pride.

ldquo;I love Burlinghamrsquo;s quest to understand why some entrepreneurs create a meaningful life after exiting their businesses while others suffer and wander without purpose. Practical and profound, fast-moving and thought-provoking, masterful in its clear prose and compelling storiesmdash;Bo Burlingham has once again done a tremendous service in deploying his craft.rdquo;mdash;Jim Collins, author of Good to Great and coauthor of Built to Last and Great by Choiceldquo;Finish Big is for all those founder/leaders who want to do more than take. . . . It is for the ones who want to leave something behind.rdquo;mdash;Simon Sinek, optimist and author of Start with Why and Leaders Eat Lastldquo;Bo Burlingham is a liar. He advertises this as a book about entrepreneurs exiting their companies. Instead it is a book about doing business well and living a life of value. Remarkable research, remarkable prose, remarkable book. Bravo!rdquo;mdash;Tom Peters, coauthor of In Search of Excellenceldquo;This book is a gift, a must read for anyone who has even an inkling that it might be helpful. It will reward you with both peace of mind and a significant ROI.rdquo;mdash;Seth Godin, entrepreneur and authorAbout the AuthorBo Burlingham is the author of Small Giants: Companies That Choose to Be Great Instead of Big, a finalist for the Financial Times/Goldman Sachs Business Book of the Year in 2006. An editor at large at Inc., he has reported on the entrepreneurial revolution in America since the early 1980s and has witnessed up close the birth and development of the companies that have reshaped our world.Excerpt. copy; Reprinted by permission. All rights reserved.INTRODUCTIONAre We There Yet?Every entrepreneur exits. Itrsquo;s one of the few absolute certainties in business. Assuming yoursquo;ve built a viable company, you can choose when and how you exit, but you canrsquo;t choose whether. Itrsquo;s going to happen. You can count on it. That this simple fact of business life comes as a shock to many owners of private companies is in itself a testament to how little attention the final phase of the journey receives compared to other

aspects of business. Do an online search for business marketing, finance, customer service, managing, or culture, and yoursquo;ll find oceans of information. Whatrsquo;s available on exits is a mere trickle by comparison, and almost all of it has to do with maximizing the amount of money you can get from a sale of your business. But there are many other aspects to the process and they play a larger role than the size of the deal in determining whether the exit has a happy endingmdash;that is, whether you ldquo;finish big.rdquo;Or so I have learned. When I set out to write this book, I didnrsquo;t know much about exiting a business. Inc. magazine, where Irsquo;ve worked for more than three decades, had paid scant attention to the subject over the years. My introduction to itmdash;and, I suspect, that of many Inc. readers as wellmdash;had come from a series of columns I had written with veteran entrepreneur Norm Brodsky about an offer hersquo;d received for his records-storage business, CitiStorage. Norm and I have been doing a monthly column in Inc. called ldquo;Street Smartsrdquo; since 1995. (Wersquo;ve also written a book of the same name.) While hersquo;d said on numerous occasions that he intended to sell CitiStorage someday, he enjoyed what he was doing so much that I imagined he was talking about the distant future. So I was taken aback when, in the summer of 2006, he told me he was in serious discussions with a potential acquirer.He had recently attended an industry conference where he had met a partner in a private equity firm that had a significant stake in a competitor. The partner had asked Norm what it would take to get him to sell CitiStorage. Norm had named a price he thought was higher than anyone would pay. The partner didnrsquo;t bat an eye. Norm had then said that, in addition to CitiStorage, an acquirer would have to buy two adjunct businessesmdash;a trucking company and a document-destruction company. That apparently was not a problem either. There had been a series of follow-up discussions. Norm told me he was waiting for the would-be buyer to send over a so-called ldquo;letter of intentrdquo; (LOI) outlining the preliminary understanding they had reached. He expected the LOI to be followed soon after by ldquo;due diligencerdquo;mdash;the in-depth investigation that a buyer does prior to the negotiation of the purchase and sale agreement.Norm wasnrsquo;t sure where the discussions might lead, but he said this could be the opportunity of a lifetime. The money being discussed would be enough, not only to satisfy him and his two minority partners, but to share the wealth with his managers and employees. He also felt that the timing was right given his age, sixty-three, and the unusually high premiums being paid for companies like his in 2006. I told our editor at Inc., Loren Feldman, what Norm had said and he suggested we write about the offer in our column. When I relayed the suggestion to Norm, he said, ldquo;Okay. Why not?rdquo;At the time, neither one of us had any idea what wersquo;d just signed up for. It turned out not to be a column but a series of columns. For the next nine months, we chronicled the unfolding drama in as close to real time as you can get in a monthly publication. Nothing similar had ever been done before or is likely to be done again. Even Norm admitted after the series ended that, when we started, he didnrsquo;t really think the sale would happen. He said he wouldnrsquo;t have agreed to do it if hersquo;d known in advance that wersquo;d wind up giving a blow-by-blow account of the negotiations to the entire world.But once wersquo;d started, it was hard to stop, especially after it became clear that we were attracting a growing number of followers who eagerly awaited each new installment. At one point, Norm invited readers to send him advice about whether he should go through with the sale. Hundreds of e-mails poured in. People would stop him on the street or at conferences and ask him to share the latest developments that hadnrsquo;t yet been published. The saga took many unexpected twists and turns, the most surprising of which was the last one. After much thought and discussion, Norm had made up his mind to sell. The series had become so popular by then that Inc.rsquo;s editor in chief, Jane Berentson, decided to announce his decision on the cover of the magazine. But just a few days before the contract was to be signed, he learned that the ultimate decision maker among the buyers was the person he trusted leastmdash;a crucial piece of information that the other side had failed to mention. That fact and its cover-up made him question whether he could depend on the acquirer to keep its promises about the treatment of his employees after the sale. To the astonishment of everyone, including Norm, he decided to walk away.So ended the real-time magazine seriesmdash;but not the story. Norm and his partners subsequently sold a majority stake in the business to a so-called business development company right as the economy was sliding into the Great Recession. Although many more twists and turns followed, they occurred out of the public eye. Meanwhile, the response to the series had made me realize there was an enormous gap in the business literature and it had to do with the experience of selling a business. That experience was clearly a huge unknown to many business owners.It was new territory for me as well. Up to that point, Irsquo;d had only a vague understanding of the exit process. Irsquo;d never given much thought to the details of when, how, why, or what it felt like. In my mind, the exit was simply an event that marked the end of a journey. I had always been more interested in what happened during the journeymdash;the experiences people had, the discoveries they made, the obstacles they encountered, the joys and sorrows along the way. Irsquo;d also tended to regard exiting as a choice, not a necessity. I associated it with cashing out, and I associated cashing out with giving up. I had written many articles and three books about entrepreneurs who didnrsquo;t have the slightest interest in exiting their businesses, focused as they were on creating great, enduring companies. Some of these owners had walked away from nine-figure paydays rather than risk having their companies wind up in the wrong hands.But, as time passed and we all grew older, it began to dawn on memdash;and on many business owners as wellmdash;that sooner or later they would have no choice but to take such a risk. We really werenrsquo;t going to live forever after all. The best the owners could do would be to orchestrate transitions of

ownership and leadership that would improve the odds of their companies surviving and thriving after they were gone.But how? Where do you even begin? For that matter, when should you begin? What are your options? How much money should you be looking for? What role models are there, if any? What pitfalls should you be aware of? How do you identify and qualify potential successors, if thatrsquo;s the route you choose to take? Alternatively, how do you find potential acquirers? What sort of outside help do you need? How much should you tell other people in the company? What will you do after you leave? And on and on and on.Once I took a closer look at exiting, I realized that it is a far more complex subject than Irsquo;d realized. It isnrsquo;t an event. It is a phase of business, just as the start-up period is a phase. As in a start-up, there are many factors that affect how successful the exit will be. For that matter, there are different ways to define what a successful exit looks like.That was my hunch, at any rate. Granted, the books and articles I read on the subject all shared an assumption that an exit was successful if the owners didnrsquo;t ldquo;leave anything on the tablerdquo;mdash;that is, if they got the best possible price from the buyer. But none of these books and articles had been written by owners whorsquo;d actually gone through the process of selling their companies. Normrsquo;s experience had shown that there was much more to it than getting a good price. I couldnrsquo;t help wondering about the experiences of other exiting business owners. And so I decided to find out.Over the next three years or so, I had conversations with scores of entrepreneurs who had exited, were in the process of exiting, or were getting ready to exit their companies. More than a hundred of those conversations were in-depth interviews that I conducted either in person or by telephone. While it soon became clear that no two exit experiences were exactly alike, it was equally obvious that some were a lot better than others. By that, I mean that some people wound up happy with the process and satisfied with the way it turned out, while others looked back on it as a nightmare and came away with deep regrets about the outcome. My question was, why. What did the people with ldquo;good exitsrdquo; do differently from those whorsquo;d had ldquo;bad exitsrdquo;?I had to begin by clarifying in my own mind what a good exit consisted of. For most people, Irsquo;d found, there were four elements:1) Owners felt that theyrsquo;d been treated fairly during the exit process and appropriately compensated for the work theyrsquo;d put in and the risks theyrsquo;d taken to build their businesses.2) They had a sense of accomplishment. They could look back and know that through their businesses theyrsquo;d contributed something of value to the world and had fun doing it.3) They were at peace with what had happened to other people whorsquo;d helped build their businessesmdash;how those people had been treated, how theyrsquo;d been rewarded, and what theyrsquo;d taken away from the experience.4) They had discovered a new sense of purpose outside of their businesses. They had new lives that they were fully engaged in and excited about.For some people, there was a fifth element:5) The companies theyrsquo;d created were going on without them and doing better than ever, and they could take pride in the way theyrsquo;d handled one of the most difficult tasks faced by any CEO: succession.It was harder to generalize about bad exits, if only because what might be terrible for one person was sometimes unimportant for another. But I figured almost all owners would think theyrsquo;d had a bad exit if they walked away feeling that the process had been unfair; that they hadnrsquo;t received the reward they deserved; that what theyrsquo;d built was being destroyed; that their people were being screwed; or that they felt completely lost and had no idea what to do next. So how had the owners whorsquo;d had good exits gone about preparing for the day they would leave? What were the patterns? Looking at them as a group, I could identify eight common characteristics, and Irsquo;ve organized this book around them.The first was the same one Irsquo;d noticed in entrepreneurs whorsquo;d built great businesses, including those Irsquo;d written about in my book Small Giants: These were all people with a crystal clear understanding of who they were, what they wanted out of business, and why. Second, the owners whorsquo;d exited well had realized early on that it was not enough just to have a viable business. Most viable businesses are, in fact, unsellable. To create market value, these owners had learned to look at their businesses through the eyes of a potential buyer or investor.Third, they had given themselves plenty of timemdash;measured in years, not monthsmdash;to prepare for their eventual departure and had developed options, so that they, or their heirs, would never find themselves in a situation where they would be forced to sell under disadvantageous circumstances.The fourth characteristic didnrsquo;t apply to all owners, but it was vitally important to a significant percentage of them, including those with the highest aspirations for their companies. Irsquo;m referring here to successionmdash;specifically, the importance of leaving the company in good hands.Fifth, happy former owners had had the right kind of help, which had come not just from professionals who specialize in the buying and selling of businesses but also from former business owners, who had learned how to do it by making mistakes in exiting their own companies.Sixth, the owners had thought about and come to terms with their responsibilities to employees and investors. While every owner did not reach the same conclusion, those who had had good exits had all given the matter serious thought and were at peace with whatever decisions they had made.Seventh, these owners had also understood in advance whom they were selling their companies to and what was motivating the buyers. Owners who didnrsquo;t often had nasty surprises later when it became clear what the new owners actually planned to do. Eighth, the owners who did best had a vision of what they would do after the sale and thus were better able to handle their metamorphosis from top banana one day to ordinary piece of fruit the next.These eight factors, I found, went a long way toward explaining the vast differences in the experiences of the entrepreneurs I interviewed, and I couldnrsquo;t help but think that current and future business owners would benefit by knowing about them. That

said, my purpose in writing this book is not to provide a how-to guide, but rather to illuminate the exit process by telling the stories of entrepreneurs whorsquo;ve gone through it. Many of those people have had good exits, as defined above. Other stories are cautionary, in recognition that we often learn what works by observing what hasnrsquo;t worked. In most cases, I have been able to use the real names of the people and companies involved. For several, however, Irsquo;ve used pseudonyms, in some instances because of my sourcersquo;s legal commitments, in others to avoid gratuitous harm to the people mentioned. When I have disguised an individual, I have so indicated. Other than changing names and, in two instances, some telltale details about the company, I have reported what actually happened.As in Small Giants, the companies I write about are all privately owned and closely held, with one exception: Cadence Inc. in chapter 5, which I would describe as quasi-public. Three of the companies, in fact, were in Small Giants: Zingermanrsquo;s, CitiStorage, and ECCO. There are some issues Irsquo;ve deliberately avoidedmdash;for example, the unique succession challenges faced by family businesses when ownership and leadership are passed from one generation to the next. There is plenty of information elsewhere on that topic. Nor do I address the unique challenges of very small businesses whose primary purpose is to provide the owner with an income. If theyrsquo;re sellable at allmdash;and the great majority arenrsquo;tmdash;whatrsquo;s being sold is a job, not a company. Nevertheless, I think that both family business owners and solo entrepreneurs will find much to identify with in the stories I tell.In listening to the entrepreneurs I interviewed, I was constantly reminded of an old saying: You should build a business today as if you will own it forever but could sell it tomorrow. Most of the great entrepreneurs Irsquo;ve been privileged to know have followed that dictum. My friend and sometime coauthor Jack Stack of SRC Holdings (which was sold to its employees) makes the comparison to keeping up the market value of your homemdash;fixing the roof, adding rooms, painting regularlymdash;even if you have no intention of moving anytime soon. The same logic applies to businesses. Oddly enough, yoursquo;re far more likely to have a company thatrsquo;s built to last if you simultaneously build it to sell. Yoursquo;re also far more likely to have a happy exit.Of course, if yoursquo;re like most entrepreneurs, yoursquo;d probably prefer not to think about your exit just yet. Fortunately, the window for crafting a good one can stay open for a fairly long time. When you finally climb through it, yoursquo;re liable to make a surprising discovery, namely, that the process has helped you to build a better company. Thatrsquo;s what Ray Pagano found in 2004 when he began preparing to get his company, Videolarm, ready for sale: The company improved so much and so fast that he regretted he hadnrsquo;t started sooner.1Every Journey EndsNow is the time to start thinking about your exit.The day was beginning to sizzle at the Regatta Point Marina in Deltaville, Virginia, but the air was cool inside the Bella Vita, which was resting quietly in its slip after completing its three-week maiden voyage around Chesapeake Bay. While an electronics specialist performed tests on the control panel, Ray Pagano, dressed in a T-shirt, shorts, and slippers, showed a guest around. ldquo;We have all the amenities,rdquo; he said. ldquo;More than we need, probably.rdquo; Tanned and trim at sixty-eight, he wore a vaguely sheepish smile as he conducted his tour of the vessel, a brand-new sixty-foot Selene Ocean Trawler that had been custom-made for him at a shipyard in China. It had been his gift to himself after completing the sale of Videolarm, the company hersquo;d founded thirty-five years earlier, and a fine gift it was, with its beautiful cherrywood paneling, granite bathroom counters, and queen beds in the cabins fore and aft.Pagano is clearly enjoying the bella vita for which his boat is named. He has none of the second thoughts or regrets that plague so many owners after the sale of their companies. Indeed, his exit has been as happy as anyone could hope formdash;in part because of his former employees, most of whom were still working for the company that bought Videolarm. ldquo;Every time I stop by, they welcome me with open arms,rdquo; he said. ldquo;Thatrsquo;s amazing to me. Itrsquo;s more than I could have expected. I guess I must have done something right. I ask myself, what really made the difference?rdquo;To answer that question, you have to go back to 2004, when Pagano began thinking seriously about having a life after business. Videolarm was twenty-eight years old and well established as a leader in its field, the manufacturing of housings for security cameras. Pagano had revolutionized that field in 1976 when, at thirty-three, he developed a housing that resembled a streetlight and used a much smaller motor than other outdoor security cameras. It took him the next eight years, however, to persuade the major camera manufacturers to try the apparatus. He scraped by, supporting himself doing installation and security consulting until he finally landed an account with RCA, which at the time was a big name in the field. That was all he needed. Paganorsquo;s products performed as promised, and he was able to leverage his success with RCA to sign up other large customers, including Sony, Panasonic, and Toshiba.Over the next two decades, Videolarmrsquo;s patented designs became the industry standard. By 2004, they were ubiquitous. The company, meanwhile, was doing $10.4 million in sales, with forty-two employees, and Pagano, who had just turned sixty-one, was ready to move on. He had other interests and passions that he wanted to pursue, and a limited number of years to pursue them. The time had come, he decided, to think about leaving.But how? Hersquo;d long had the notion in the back of his mind that one of his three children might someday take over the company. It had become clear, however, that such a solution was not in the cards. Selling the business was a possibility. So was a merger, or finding someone else to run it, although he was wary of doing any deal that would require him to stick around. ldquo;I donrsquo;t want an earnout,rdquo; he told one of his advisers, Gary Anderson, who chaired Paganorsquo;s chapter of TEC (The Executive Committee, now called Vistage International), a membership organization for owners and

executives of small to midsized businesses. ldquo;I want to sell it and leave. I have other things I want to do in my life besides this.rdquo; That same year, 2004, a competitor approached Pagano about selling Videolarm and named a price. Pagano took it to Anderson, who thought he could garner a much better offer if he made some changes in the business.At the time, Videolarm was fairly typical of companies run by the entrepreneurs who started them. It was essentially a benevolent dictatorship. The entire business revolved around Pagano, who put his nose in every part of it and kept his managers on a short leash. Communication was decidedly top-down, and financial information closely guarded. CFO Janet Spaulding was forbidden to share it with other employees. Pagano himself made every important decision and quite a few not so important ones. Managers, for their part, were aware that he could ldquo;pull the rug outrdquo; from under them at any moment, as one of them said. ldquo;People respected Ray and feared him,rdquo; said Spaulding, ldquo;and I think the fear was sometimes greater than the respect.rdquo;Other employees shared those feelings toward Pagano. They knew he cared about them. They believed he at least intended to treat them fairly. They could also see that he held himself to the same standards he demanded of them. If there were any doubts on that score, they were erased when he fired his own son over an infraction of a company rulemdash;a gut-wrenching decision that still brings tears to his eyes.But autocratic management, benevolent or otherwise, can undermine the value of a company. Anderson noted as much in advising Pagano on how to prepare for an eventual sale. ldquo;Yoursquo;re going to have to extract yourself from the business,rdquo; he said. ldquo;Yoursquo;re going to have to bring up your management team, give them more responsibility, coach them more, and let them run the operation.rdquo; Pagano didnrsquo;t argue. He knew Anderson was right. Sale price aside, the number of potential acquirers, and thus Paganorsquo;s own exit options, would be severely limited as long as he was essential to the companyrsquo;s operation. He had to remake the business so that it could run without him if he wanted to improve his chances of getting a deal hersquo;d be happy with.Pagano decided, based on some research hersquo;d done, that he needed to begin by giving everyone in the company a tangible reason to take on more responsibility. He believed he could accomplish that with phantom stock, which would allow people to benefit from any increase in Videolarmrsquo;s equity value without being givenmdash;or having to acquiremdash;real stock. All employees, including assembly workers and office staff, would receive ldquo;sharesrdquo; that Pagano would divide up based on salary and his assessment of how important each person was to the companyrsquo;s long-term success. He told the members of his TEC group about his plan. Most of them thought he was out of his mind. But he was convinced it was the right way to go. So he rolled out the program, explaining to the employees that the phantom shares would entitle them to a portion of the sale proceeds should Videolarm ever be sold.They werenrsquo;t sure what to make of the gesture. Pagano was notoriously tightfisted with money. Many of them thought the phantom stock program was some kind of trick to get them to work harder. They either ignored it or treated it as a joke. ldquo;To us, it was just pretend money,rdquo; said Spaulding.But Pagano was seriousmdash;so serious that he proceeded to introduce his own, truncated version of open-book management, which involves teaching employees to understand and use financial information in their work. Hersquo;d read books on it, and while he couldnrsquo;t bring himself to go as far as some other practitioners, he was convinced that people needed a basic knowledge of the numbers if they were going to be able to figure out how they could improve a businessrsquo;s performance and thereby increase its value. So he organized meetings to talk about financials. He began by asking employees to give their own estimates of sales and profitsmdash;and was stunned when they speculated that Videolarmrsquo;s sales were in the hundreds of millions of dollars (they were less than $11 million at the time) and that he was taking home millions of dollars each month. Pagano responded by walking them through an income statement and a balance sheet, noting the capital investments a manufacturer like Videolarm had to make, the taxes it paid, the government oversight it was subject to, the cost of the benefits it provided, and so on. Employees had many questions and comments. Pagano put out a suggestion box to capture them and took care to respond to each one. He also began writing monthly letters to employeesrsquo; families, which he sent to their homes, and invited family members to come in to view new products. ldquo;We truly wanted to involve everyone in the business,rdquo; he said.Realizing it was crucial to strengthen the management team, he made a conscious effort to increase the autonomy and authority of his three senior managersmdash;in finance, operations, and marketing. He also sought out one of his former TEC chairs, Rick Houcek, who had formed a business called Soar with Eagles, which worked with companies to plan annual strategic meetings and develop implementation systems. Houcek urged Pagano to bring not just the senior people but all the managers together at an off-site meeting and let them develop an annual plan. The results, Houcek said, would go a long way toward achieving what he wanted to do.Pagano announced a three-day off-site for everyone from frontline supervisors on up, about fifteen people. Houcek would facilitate. He told Pagano to just sit and listen while people aired their views on what the company needed. Pagano admitted it was hard not to feel defensive when his managers shared their grievances, but Houcek persuaded him to hold his tongue and let the managers come up with the plan. If he tried to force his plan on them, they would not take responsibility for executing it. In the end, the managers settled on about thirty ways to improve Videolarmrsquo;s management and performance, with specific assignments for each one. Thereafter, they began to meet as a group every month to review how they were doing on their commitments.Meanwhile, there were other changes going on. Pagano set up an incentive program for the entire workforce, based on achieving certain profit targets for the company and specific goals for each

department. The targets were ambitious, higher than what the company had done in the past, and Pagano indicated that he intended to keep raising the bar as time went along. Not surprisingly, the program was again met with distrust, especially on the shop floor, but Pagano promised that he would reorganize the factory to make their jobs easier. He did, and productivity began to rise.At the same time, the company made some critical strategic moves that allowed it to increase sales to the big camera manufacturersmdash;the most profitable part of the business. The impact of those moves, as well as the management changes, soon showed up on the bottom line. Pagano had set the initial goal for company pretax profit at 8 percent. From there, it increased annually, first to 12 percent, then 15 percent, then 18 percent. Although the annual goal remained 18 percent thereafter, performance continued to improve, eventually hitting a remarkable 21 percent on sales of about $19.5 million.Pagano couldnrsquo;t help being delighted, not only with the results, but with the way they were being achieved. ldquo;The system completely changed my job,rdquo; he said. ldquo;It let me take a step back from the company, and that was good for everyone. It allowed the stars in the company to show they were stars.rdquo;Gary Anderson, for one, was impressed. ldquo;It was unbelievable,rdquo; he said. ldquo;Ray became my poster child for how to do it right, and it made a big impression on other members of the TEC group. You could see the impact of what hersquo;d done as soon as you set foot inside the company.rdquo;By early 2008, Pagano felt it was time to start looking for a buyer. How someone goes about that is a subject for a later chapter. Suffice it to say that he wound up selling Videolarm to a large company, Moog Inc., at what was arguably the worst moment to do a deal in recent memory: Friday, February 13, 2009, five months after the collapse of Lehman Brothers triggered the most severe economic downturn since the Great Depression. Despite the timing, the selling pricemdash;$45 millionmdash;was four times the offer Pagano had received before making the management changes.As for the employees, most had completely forgotten about the phantom stock program Pagano had installed four years earlier. On the eve of the sale, Pagano showed up with papers they had to sign before receiving their payouts from the deal. They were shocked and delighted to learn just how large the payouts were. Assembly workers received as much as $40,000 each, enough for one of them to build a home for his parents in Mexico.And how did Pagano feel? ldquo;Liberated,rdquo; he said.He eased into semiretirement after the sale, keeping busy with his boat and a boutique business he started with his wife, selling yachting ornaments and gifts. He fished, played some golf, and did a little traveling. ldquo;Thatrsquo;s as much as I can handle,rdquo; he said. While he didnrsquo;t miss being CEO of Videolarm, he still felt a strong connection to the company, including the people and the culture, which had scarcely changed following the sale. ldquo;Itrsquo;s uncanny how Moogrsquo;s culture and our culture matched up. It exceeded my expectations. And itrsquo;s allowed me to feel very much at peace and sort of proud.rdquo; He was proud of how things had turned out and also of what hersquo;d accomplished along the way. ldquo;I see our products everywhere I go. Itrsquo;s a constant reminder of how we changed the industry. That is as much of an ego inflator as seeing the company develop over the years. I just feel very lucky. Lucky in all that has taken place and lucky that I still have the contacts I do with the company and a great deal of pride in the product.rdquo;Luck may have played a role. It usually does. But you canrsquo;t discount the importance of the decisions Pagano made back in 2004, when he first got serious about planning his exit from Videolarm. ldquo;Therersquo;s no question that the companyrsquo;s performance got better,rdquo; he said. ldquo;It was just amazing to see the transition once we got the people involved. If I did anything right, that was it. I really just wish Irsquo;d done it sooner.rdquo;In other words, Paganorsquo;s company actually improved because of the way he went about preparing to leave it. Therein lies a lesson for other business owners.Itrsquo;s a JourneyI have some advice for anyone who owns a business or is planning to launch one: If you havenrsquo;t already begun thinking about your eventual exit, now is the time to start. You should do so even if you currently believe that yoursquo;ll never want to sell the business, that yoursquo;ll just keep it forever, or leave it to your children, or give it to your employees, or close it down. It doesnrsquo;t matter. For your sake and your companyrsquo;s sake, you should begin to think now about the circumstances under which you might leave and do all you can to ensure that the company could be sold at some point for as much money as possible. Of course, someday you will have to leave, and either the ownership will change hands or the business will be liquidated. You may leave feet first, but leave you will, one way or the other. The more prepared you are when that day comes, the more likely it is that the parting will be a happy onemdash;or at least not a burden on those you leave behind. Thatrsquo;s not the only reason, however, for beginning to think about an exit plan. There are at least two others.First, the process will lead you to look for and adopt better business practices, as Ray Pagano did. It will also force you to ask questions about your business that otherwise might not occur to you. Who, for example, are the potential buyers or investors? What qualities do they value in a business? What would cause them to pay more for it? Why might they pay less? What do they view as your businessrsquo;s vulnerabilities? Once you identify the weaknesses, you can work on eliminating them and start doing the things that will keep them from coming back. In other words, yoursquo;ll begin to view your company as a product, and yoursquo;ll learn how to make it a top-of-the-line product. Yoursquo;ll have a better, stronger company as a result.Just as important, thinking about an exit plan will force you to ask important, difficult questions about yourself. In particular, yoursquo;ll find it necessary to clarify in your own mind who you are, what you want out of business, and why. People who know the answers to those questions almost always have happier exits. Theyrsquo;re also able to make better decisions for themselves and their businesses while theyrsquo;re still in

the ownerrsquo;s seat.Granted, you may believe you already know why yoursquo;re in business. If yoursquo;re like most entrepreneurs, yoursquo;re doing it to earn a living and be your own boss. Perhaps you also have a dream of some sortmdash;to build a great company, transform an industry, serve mankind, create a terrific place to work, leave a mark in the world, help your community, or simply become financially independent. It takes a lot of hard work, discipline, persistence, and resourcefulness to achieve any of those dreams. For that matter, it takes hard work to create a viable business. Kudos to you if you can do it. But you need to recognize that doing it is not the end of the journey.And thatrsquo;s the point: Building a business is a journey. It may be a lifelong journey, or it may last just a few years. It may be the only journey of its type that yoursquo;ll ever experience, or it may be one of many. You may see it as your lifersquo;s calling, or it may turn out to be a side trip or a detour on the way to something else. The one thing we can say for sure about your journey is that it will end. The open questions are when, how, and why. You have considerable influence over the answers to all three, provided you begin thinking about them early enough and bear in mind that the end is not the creation of a successful business. Thatrsquo;s the middle. The end is the successful completion of the journey. As serious mountaineers say, the primary goal when you climb Mount Everest is not to reach the summit. Itrsquo;s to come back alive and enjoy the experience of having done it.The End Is the BeginningNow, Irsquo;m hardly the first to suggest that you should have some idea of your preferred destination as you proceed along your journey. Stephen R. Covey made a similar argument in The Seven Habits of Highly Effective People, one of which was ldquo;begin with the end in mind.rdquo; That was a fundamental rule of business for Harold Geneen, the man often credited with inventing the modern international conglomerate while serving as CEO of the ITT Corporation from 1959 to 1977. The book he wrote with Alvin Moscow, called Managing, is a classic in the business genre, and it opens with the following observation: ldquo;You read a book from beginning to end. You run a business the opposite way. You start with the end, and then you do everything you must to reach it.rdquo;That said, itrsquo;s easy to misinterpret what exactly is involved in ldquo;beginning with the end in mind,rdquo; at least as far as business exits are concerned. It doesnrsquo;t necessarily mean that you have the final stages of your journey all mapped out in advance. Nor does it mean that yoursquo;re locked into a plan and canrsquo;t change it later. Rather, ldquo;beginning with the end in mindrdquo; asks you to recognize, from the start, that your involvement with the business will end at some point, and to allow this simple truth to guide you as you go along. While many of the decisions you make wonrsquo;t have much influence, if any, on the endgame, others will, and some could have major consequences that you may miss if you havenrsquo;t developed the habit of keeping in mind the goal of a happy exit.Thatrsquo;s not a habit that most founders and owners cultivate. In the early days, they focus on survival. Some never leave the survival stage. The more fortunate ones move on to the growth stage. Either way, they run the risk of getting caught in what Covey calls ldquo;the activity trap,rdquo; the tendency ldquo;in the busy-ness of life to work harder and harder at climbing the ladder of success only to discover itrsquo;s leaning against the wrong wall.rdquo;Busyness is certainly one of the reasons that owners donrsquo;t think about whether or not their journey is taking them to a place they really want to wind up. Theyrsquo;re constantly preoccupiedmdash;it goes with the territorymdash;and figuring out the ultimate destination doesnrsquo;t seem particularly urgent alongside, say, meeting the next payroll or landing the next big customer or dealing with a pressing cash flow problem. Thinking concretely about the exit can also be difficult to do, which provides additional incentive to procrastinate. So the vast majority of business owners donrsquo;t give their exit much thought until, for one reason or another, they have tomdash;at which point their options are often starkly limited.The mistake they make grows partly out of their tendency to regard the exit as simply an event, and a relatively distant one at that. But the exit is actually a critical phase of a business ownerrsquo;s journey and an integral part of the entrepreneurial experience. ldquo;Itrsquo;s like passing the 26.2- mile mark of a marathon, or crossing home plate after a home run,rdquo; said Canadian entrepreneur John Warrillow, who has started five businesses and sold four of them. ldquo;I donrsquo;t believe you are really an entrepreneur until yoursquo;ve exited, because you havenrsquo;t completed the cycle. Yoursquo;re still standing on third base. It is not about starting. Anyone can start a business. Until yoursquo;ve actually sold one, you havenrsquo;t touched all the bases.rdquo;Whether or not you buy Warrillowrsquo;s whole argument, hersquo;s correct that the exit phase of a business ownerrsquo;s journey is as important as, if not more important than, any other phase, although yoursquo;d never know it from perusing the literature on entrepreneurship. Information about start-ups dwarfs whatrsquo;s available on end-ups, and yet the end-up is invariably a much bigger deal. Indeed, itrsquo;s the biggest deal that most entrepreneurs will ever do, with far-reaching consequences for them, their families, their employees, and almost everyone else they care about. It can fundamentally alter their circumstances and color how they look back on the main work of their lives.Warrillow is one example of someone whose exit changed his life. He grew up and built his first four businesses in Toronto. The largest of the four, Warrillow Co., provided big companies with in-depth research and analysis on marketing to small and midsized businesses. Its sale in 2008 allowed him to embark on a new career as an author and speaker. It also freed him, his wife, and their two young children to move to the south of France for three yearsmdash;an adventure they could scarcely have contemplated while he was still immersed in his company.Or take Michael LeMonier, who has built three companies and sold two in his twenty-five years as an entrepreneur in the staffing industry. The first was a clerical staffing firm in downtown Chicago. The founder of the firm, which was

struggling, had reached out to LeMonier for advice and assistance. LeMonier, whorsquo;d worked for years in large staffing companies before becoming a consultant, agreed to buy 49 percent of the stock and help turn the business around. Eighteen months later, with the turnaround complete, he walked away with an amount equal to fourteen times his investment. He then did a similar deal with the owner of another run-down Chicagoland staffing company, acquiring 50 percent of the stock for $2,500. Over the next six years, he grew the agency from five to six hundred employees and from about $125,000 to $11 million in sales. After buying out the original owner, he wound up selling the business to a large, publicly owned employment services company for $5 millionmdash;a return of almost 200,000 percent on his original investment.That deal changed everything. ldquo;The first closing was the end of a partnership,rdquo; LeMonier said. ldquo;It was great, but thatrsquo;s all it was. The second closing was a huge celebration because, for me, it was crossing the goal line to financial freedom. It meant that Irsquo;d have the privilege of choice moving forward. From then on, I could choose the amount of time I spent working on my next businessmdash;the one I have now. I get to decide how intense, how long, how hard. Thatrsquo;s freedom.rdquo;Or consider Barry Carlsonrsquo;s exit. He had been a part owner of three businesses when, in 1996, he cofounded Parasun Technologies Inc., an Internet service provider for remote areas of western Canada. Two of those businesses had been sold without much impact on his life. Parasun, which he sold eleven years later for almost $15 million, was another story. ldquo;The sale of a company as an abstract concept is fine, but having somebody pile real money onto the table is a whole different thing,rdquo; he said. ldquo;It changes the game. I donrsquo;t care who you are, itrsquo;s nice to see a big pile of money on the table with your name on it. Itrsquo;s not so much that the money changes your life. For some people it does; for some it doesnrsquo;t. But itrsquo;s the way you look at it thatrsquo;s important.rdquo; At the time of the sale, he thought hersquo;d retire. He and his wife moved from downtown Vancouver, British Columbia, to Vancouver Island, across the Strait of Georgia. They traveled a bit. They worked on their garden. He puttered around and played some golf. But after a year and a half Carlson got an itch to return to business and joined a couple of boards. Within five years, hersquo;d completed the circle and was back working full-time as the chairman of two start-ups and CEO of a third.And yet the end result is not always a happy one, even for those who wind up with a pile of money on the table. Despite having absolute financial security, often for the first time in their lives, many owners find themselves dealing with unanticipated regrets, fighting against depression, and desperately in need of a new identity and sense of purpose. For them, life after the exit is a bleak period, and it can last for years.The Four Stages of an ExitI canrsquo;t say definitively why such melancholy afflicts some former owners and not others. Circumstances vary from case to case, after all, as do the personalities, predilections, and psychologies of the individuals involved. What I can say is that the longer people have spent preparing for their exits, the less likely they are to experience these problems. Itrsquo;s not just a matter of putting in the time. Itrsquo;s also about successfully navigating the four stages of the exit process:nbsp;nbsp;nbsp;bull;nbsp;Stage one is exploratory. It involves investigating the many possibilities, doing the necessary introspective work, and deciding what you do and donrsquo;t care about in an exit. It may also include coming up with a numbermdash;that is, the amount of money yoursquo;d be happy to walk away with when the time comesmdash;and a time frame.nbsp;nbsp;nbsp;bull;nbsp;Stage two is strategic. It requires learning to view your company as a product itself, not just as a deliverer of products or services, and then building into it the qualities and characteristics that will maximize its value and allow you to have the kind of exit you want.nbsp;nbsp;nbsp;bull;nbsp;Stage three is about execution. Itrsquo;s the process you go through to get a deal done, whatever type of exit you may be looking for, be it a sale to a third party, a management buyout, a gift to your children, a liquidation of assets, or any of the other possible outcomes.nbsp;nbsp;nbsp;bull;nbsp;Stage four is the transition. It begins with the completion of the deal and ends when yoursquo;re fully engaged in whatever comes next. Until yoursquo;ve moved onmdash;not just physically but psychologicallymdash;to a new venture, a new career, a redefined role, or even retirement, your exit isnrsquo;t complete.Of course, every company, every owner, and every exit is unique, and these stages unfold differently for different people. For some former owners I know, the transition phase has been excruciating; for others, it has been quick and painless. One owner described the deal stage as ldquo;a nine-month dental extractionrdquo;; another recalled it as ldquo;fun, exciting, educational, exhilarating.rdquo; Some entrepreneurs spend years figuring out how they want to leave; others seem to know the answer intuitively. Still others simply skip that stagemdash;and later pay the consequences.There can also be overlap between the stages, especially the first three. Smart entrepreneurs, for example, always build a business today so that it could be sold tomorrow (stage two) whether or not theyrsquo;ve decided exactly how theyrsquo;d like to exit (stage one). Nor is it uncommon for owners to go through the process of negotiating the sale of the business (stage three), only to back off at the last minute, take what theyrsquo;ve learned, and revise their strategic plans (stage two) accordinglymdash;perhaps with a different view of where theyrsquo;d like to end up (stage one). The only stage that very rarely allows for reprises is the fourth one, the transition phase. Hence the importance of getting the first three right.That begins with understanding what the possibilities are. There are more than most people imagine. Letrsquo;s assume your preference is to sell the business rather than liquidate it. A key question is, whom would you sell it to? A family member? A third party? Employees or managers? The public? With each type of buyer, moreover, there are dozens of potential variations. Take the third-party option. Would you prefer

to sell to a private equity firm, an individual looking for a promising business opportunity, a competitor, or a large company seeking to expand its market or its capabilities? Would you want to remain with the company afterward or get out? How important is it that a buyer be committed to preserving your companyrsquo;s culture? What long-term aspirations, if any, do you have for the business? How concerned are you about the effect of the sale on your employees? Are you looking to leave a legacy, and if so, what kind? Would you accept an earnout, with a portion of the sales price being determined by the companyrsquo;s performance after the sale? And on and on.*Sooner or later, all such questions will have to be answered. How you answer them will shape the type of exit you have. The more yoursquo;ve pondered them, and the more yoursquo;ve found out about other ownersrsquo; experiences and weighed them against your own inclinations, the clearer you will be about what you want and the likelier it is that yoursquo;ll be happy with the result.To be sure, you may already have the answers. Some owners, after all, have an exit plan in place before they even get started. Others take on investors whose need for a so-called liquidity event (usually a sale to a third party; sometimes an initial public offering) puts the matter squarely on the table. Still others view themselves as investors and the businesses they buy or start as investments, pure and simple. For them, the whole idea is to maximize a companyrsquo;s value and then sell it. But such people are a distinct minority. In my experience, they are far outnumbered by founders and owners so busy coping with the current challenges of running their companies, or working to reach the next level, or simply hanging on from day to day, month to month, and year to year that they donrsquo;t take the time to think about, let alone prepare themselves and their companies for, their inevitable departure.If yoursquo;re lucky, you can get away with it. Like Ray Pagano, you may be able to go for years, even decades, without giving much thought to the issue and still have the opportunity at the end to make the adjustments needed to orchestrate a graceful exit. But yoursquo;ll be taking a risk. The journey doesnrsquo;t always end when you want or expect it to. Irsquo;m not referring here to the proverbial danger of being run over by a bus. That risk always exists, and prudent companies have contingency plans in place to deal with it. Contingency plans are different from exit plans, however. The former are needed to protect the people left behind. The latter protect the owners, whose life doesnrsquo;t end, after all, with the sale of the company. Indeed, the hardest part of the exit is seldom the sale itself. Itrsquo;s usually what comes afterward, in the transition stage, when you enter the next phase of your life and have to live with the consequences of the decisions yoursquo;ve made.For Ray Pagano, those consequences were mostly good, in part because hersquo;d been so clear from the start about his goals. By the time he began preparing for his eventual departure, he knew exactly what he wanted: a life after Videolarm in which he could do everything hersquo;d been putting off while he built the company. He had a mental vision of that life, and aside from the boat and more time with his family, it included peace of mind about the manner of his leaving. ldquo;I always felt that, if it was possible to walk away and feel good, thatrsquo;s what I wanted,rdquo; he said.Everything he subsequently did flowed from that vision. It dictated not only the changes he made internally but the kind of deal he was willing to do, the terms of the sale, and the type of buyer he was willing to sell to. ldquo;More than once, I heard him say, lsquo;I will not sell if my employees are not going to be treated as well as they are now,rsquo;rdquo; said Janet Spaulding, the controller. ldquo;I saw it. He put it in writing. lsquo;This is my family. I want them treated well.rsquo;rdquo;The clarity of Paganorsquo;s vision did not save him from feelings of loss, as well as liberation, in the months after the sale. Those feelings are, if not inevitable, then extremely common, particularly if someone has been deeply involved in running the business for a long time. They were far outweighed, however, by the sense of accomplishment Pagano felt after a lifetime of entrepreneurship and his gratitude that his former employees were thriving under their new owners.As a result, he was spared the kind of regret that can cloud any exit and make any transition extremely painful. Others are not so fortunate. But if yoursquo;ve prepared yourself emotionallymdash;if yoursquo;ve figured out who you are, what you want, and why, and if yoursquo;ve made your decisions accordinglymdash;your transition can be as smooth as Ray Paganorsquo;s.2Who Am I If Not My Business?It begins with knowing who you are, what you want, and why.At 2 a.m. on the night before selling a majority stake in his company, CrossCom National, Bruce Leech sat in his office, staring at the documents he was supposed to sign in advance of the closing. Within a matter of hours, he would become independently wealthymdash;a multimillionaire at the age of forty-eight, with a clean slate, a solid balance sheet, and the likelihood of another big payday in a few years, when the company, including his remaining stock, would be sold again. Yoursquo;d think hersquo;d be getting ready to pop the champagne corks and celebrate the culmination of a long journey, capped off by a handsome reward. And yet something nagged at him as he sat there, surrounded by stacks of papers representing the past twenty-three years of his life.Hersquo;d been barely that old when hersquo;d launched CrossCom in 1981 with two partners, hoping, like hundreds if not thousands of others, to capitalize on the breakup of Ma Bell by selling telecommunications equipment to businesses. It had been a rough start-up. His partners had bailed out within three years. Leech himself had decided to wind down the business and was training for a new job when he got a message on his answering machine from Walgreens. The pharmacy giant wanted him to install phone systems in all twelve hundred of its storesmdash;in three months. Although he didnrsquo;t have a clue about how he could do it in such a short period of time, Leech said, ldquo;No problem,rdquo; quit his new job, and didnrsquo;t look back.Over the next two decades, CrossCom grew into one of the leading installation and service companies for internal telecommunications systems, with three hundred employees, $70 million in sales, and a blue-

chip roster of giant retailers as customers. Leech couldnrsquo;t have been happier in the early years. ldquo;It was thrilling,rdquo; he recalled. ldquo;I jumped out of bed in the morning. I worked till late at night. I loved every minute of it.rdquo; But as time went by, his enthusiasm began to wane. He was able to revive it temporarily when CrossCom expanded into the United Kingdom in 1995. Having never been outside the United States before, he was excited about the prospect of opening a new branch in Europe. He even moved to London for a year to get it up and running.It wasnrsquo;t just the business opportunity that appealed to him. ldquo;Looking back, I can see it might have been an escape from the U.S. business,rdquo; he said. ldquo;I guess maybe I was getting a little bored, and the U.K. was neat. So I did that for a few years, and then it was time for Bruce to pack up his toys and come back home and face the reality of what I was probably avoiding, and that was the fact I was burned out.rdquo;