

Can you turn your exit into RIP?

Category: Steveisms

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One of the things I have been talking about for years with my business owner clients is retiring in place rather than selling their business, and this can be a very viable strategy in many cases. The RIP concept is that instead of walking away from the business, you remain in place and systematically reduce the hours you are working while retaining both ownership and control of the business.

This works well for business owners who don't have anything else that they desperately want to do in retirement, and who feel that they want to remain engaged with the business world going forward. A much bigger point for many people I know is that they are essentially defined by their business because they've been doing it for so long, and simply walking away could leave a big gap in their life.

This strategy also works well in those cases where the amount you can sell for isn't going to be a life-changing event, and you don't want to go through all the structural and management changes you would have to make to grow the business, increase the value, and prepare it for sale. In that case you may be better off retaining an income stream that will boost whatever savings and social security payments you can draw (whether now or in the future). You just have to make sure that the business, and therefore the income stream, will continue over a number of years.

If you think that this sounds like a good strategy, then there are three major things you need to figure out – Time, Role, and Revenues. You must memorialize it in writing because, if it's not in writing, it doesn't exist. Here are the major things you need to consider.

1. How much **Time** you want to work
 - Decide how many hours a week you want to work
 - Decide how many weeks of vacation you want and what type
2. Exactly what you want your **Role** to look like
 - How you want to spend your time – things you want to do
 - Things you don't want to do any longer
 - Who will take over the things you are currently handling
 - People you will need to hire to make this work
3. How to continue to generate the **Revenues** you need
 - Review your revenue streams for sustainability and profitability
 - Review your revenue streams for how much work they take
 - Identify how much attrition you will see each year without care and feeding
 - Decide who will be responsible for maintaining revenue going forward

Once you have thought about these basic questions, you need to develop a written plan that deals with how to get there. Time is the reward, but the most challenging part of this plan revolves around Revenues; if you can't sustain them then you will never be able to accomplish what you want.

Your plan may well involve needing to hire somebody new, and you need to identify whether the process should start with a push to grow revenues so your plan can work. As you move forward,

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one of the most important things to figure out is how to do just enough with each client to make them feel that you are still involved and steering the ship. In my case, I call this “Sprinkling Steve Dust”.

You may find it helpful to set some goals and develop milestones to help you on your journey, and the easiest and best place to start developing these is in the Time area. More Time for you is really the ultimate goal of what you want to accomplish here, and driving towards a well-defined goal is the thing that will move you most effectively towards implementing your plan.

A Time goal that a number of my clients have set is to work 24/7. That’s not what you think when you first hear it; and it means working 24 hours a week 7 months of the year. That’s ambitious for somebody currently working full time, but it’s a great place to aim for. Setting an intermediate goal along the way such as 30/10 may be a helpful transition step, but whatever you select, you must put clear timeframes on it.

There’s a great deal to think about, but when you reach your goal, this should be both satisfying and fun. If you get it right, there is no reason why “retire in place” doesn’t last the rest of your life, earn Capital Letters, and turn into “RIP”.