

Avoid the Post-Business Transition “Cocoon Period”

The following is adapted from our new book, [Your Next Adventure: Planning for Life After the Sale of Your Business](#). The book shows you how to craft a robust transition strategy that considers your business, personal, familial, and community needs. From pre-sale to post-sale, you'll learn how to plan ahead, assemble the right professional advisors, and incorporate your values, legacy, and loved ones into every choice you make.

Business owners love identifying obstacles and puzzles and then overcoming and resolving them. Creating products or services and solving problems brought you purpose, satisfaction, and pride in life.

After transition, all that intellectual energy and passion will need a new destination. When all that drive suddenly has no outlet, the sense of loss can lead to a hibernation or a “cocoon period” in which you experience depression or anxiety following the transaction. The hibernation period might last a year—or even much longer in some cases.

Triggers for Hibernation

Hibernation can stem from a number of situations. In one case, the owner may sell the business after going full speed all the way to transaction day. They ignored any personal transition planning and one day simply announced, “I’m ready to pull the trigger on this.”

They sell the business, and the moment the ink is dry, it’s like the Roadrunner cartoon, where Wile E. Coyote runs off the edge of the cliff and then realizes that the cliff is behind him and that he is standing in midair. The person thinks, *What just happened? I’ve got nothing underneath me anymore!* So they plummet into hibernation while they try to figure it out.

Selling a business can add strain to social connections owners may have forgotten they had or strain new ones that weren’t there before the sale. People the owner has lost contact with—friends from years ago, distant family members, nonprofits of every kind, even strangers with a financial proposition—hear about the newly acquired liquidity and decide they should help find ways to redirect it for their benefit.

The overwhelming number of hands held out in their direction can drive people inward to shut down and hibernate: *I don’t want any interaction with anybody. I’ve just been through this exhausting experience of selling my business, and now all these people want something from me. I’m just not ready for it.* The reality is that attracting attention is inevitable. Being prepared for that reality will help you and your family make good decisions and help you avoid the need to “escape” and hibernate.

Some owners dive into plans for travel and completing everything they and their spouse talked about doing over so many years. Then, after eight months to a year, the excitement of this honeymoon period begins to calm down. They discover that there is no long-term satisfaction or fulfillment in moving from one cruise or activity to the next. A level of hibernation sets in—not wanting to do anything productive, feeling lost and even depressed. The former business owner shies away from social connections, avoiding the possibility of having to explain feelings of uncertainty. This mindset feeds on itself.

Some get to the end of their rope and say, “I have to go back to work!” They feel pressured to buy a business or return to work in some way, but from a position of distress rather than a place of exploration that comes with beginning the planning process early.

The Encore Life

If you are prepared for how your life will change and get support, advice, or counseling, then you will already have begun a period of exploration and networking. Start to identify your options in your circle of family and friends, your community, or in the business world, and from there, you can experiment and figure out what truly brings you joy. Once you figure that out and move into it, then you have successfully moved into “reinvention” or an “encore period.”

Finding this healthy spot requires starting your exploration and networking pretransaction, during T minus 5 (transaction minus five years), so that you can come out well down the path to reinvention, limiting time lost in hibernation or avoiding it completely. When you are reinvented, you think, *It's my new job. A new purpose in life. It's my new me: my next adventure.* If you don't deal with exploration and hibernation issues until you sell the business, those challenges may make the process much more painful.

While a business owner, you tend to have the bulk of your financial net worth in one business, and similarly, that is where your main energy and attention have been. This is the antithesis of being diversified both personally and financially. The sale of your business opens up your life to new opportunities. As you invest your financial assets in a well-diversified portfolio to preserve your wealth, you will invest your time in well-diversified interests to enhance your life.

For more advice on business transitions, you can find [Your Next Adventure](#) on Amazon.

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Together, at Harvest Capital, they help clients attain life goals, as well as financial objectives.