

Relationship Dynamics in a Business Transition

By Marshall Rowe, Jim Fitts, and John Weeks, authors of [*Your Next Adventure: Planning for Life After the Sale of Your Business*](#)

The involvement level of a spouse or partner in the sale of a business can vary based on how engaged they have been with the business itself. While some spouses are an intricate part of the company, others have an entirely separate career and set of interests. Even at that independent level, the spouse will have a fairly good understanding of what's going on with the business just from dinner-table and weekend conversation.

According to a Business Enterprise Institute (BEI) survey,^[1] an overwhelming majority of business owners discuss the sale with their spouse or life partner before the transaction occurs. However, that data indicated those discussions only begin to take shape when owners are working on an actual deal. The spouse will play an important role no matter what, but they could be involved in a way that is very helpful for the owner.

A significant element of the T minus 5 (the five years leading up to the sale) timeline is the importance of starting communication early. Your spouse is a key member of the conversation and can bring valuable insights, including personal transition topics you may not be focused on. Investing time in these discussions early will pay dividends during your ongoing planning process.

Bringing Perspectives Together

In a partnership, each person approaches their role with specific areas of focus. For the business owner, the focus is directed toward business-oriented issues or on the transaction. The spouse is more likely to focus on family-oriented and quality-of-life concerns, such as what the impact is on their time together, their relationship, where they're going to live, how the kids feel, how they'll celebrate holidays and family events, and how the money will be spent. Spend time discussing the various concerns for the business and for the family so that both perspectives are adequately considered, helping make the most beneficial transition plan for you and your family.

Relationship Dynamics

Just as we advocate for you to create time and space for self-reflection, we urge you to do the same for your relationship and communication with your spouse. What level of open communication do you have with your partner? Have you discussed various scenarios for the sale of the business or for what you both want once you enter post-transaction years? What do those first few years look like for each of you?

One trusts and estates attorney discussed some marital problems she's seen. Once, a divorce resulted when the spouse had not been involved and there hadn't been proper planning. In this example, an owner had sold his business and thought he had a general idea of the lifestyle this would afford them into the future. A year later, he and his wife divorced, and both were left with only half the resources they thought they'd have. The lack of early and ongoing discussions or inclusion were attributed to the failed marriage and resulting diminished financial security for both parties.

Although this was a rare situation, the lack of communication about the future adds stress and tension to any relationship. The sale of a business is a major event that culminates in an equally major life transition. It naturally creates stress in the life of a business owner. It also creates stress and anxiety in the owner's spouse, who is a partner in the business owner's life. The prospect of impending changes creates uncertainties, which only compounds the level of stress.

Recognizing and Incorporating the Spouse's Perspective

Incorporating the spouse's or partner's perspective is not always easy, but it can be as simple as working together on a plan. Planning the future needs to be done in concert with your life partner to ensure you remain connected and share common goals. You create a plan that involves both of you, so you are rowing the same boat in the same direction. Your commitment to your shared plan can help alleviate much of the potential stress between you.

Every couple is different, but the non-business-owning spouse has their own life. Even though they know the transition is going to affect the business owner's life, they may or may not anticipate changes in lifestyle, finances, or other areas for themselves. It brings uncertainty and anxiety, raising questions in their mind such as, "How is this going to affect my life?"

With you, as the business owner, deeply engaged in business and the life surrounding it for many years, and with your spouse perhaps much more focused on family or their own professional life, a certain dichotomy exists. The prospect of a major shift in that equation takes time and effort to sort out. All relationships experience underlying stressors that are managed to one degree or another, but a change of this magnitude requires far more attention.

Open and honest discussions and a commitment to communication are necessary in order to deal with new stress factors and to help family relationships flourish in this new environment.

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

Marshall Rowe, *President, CEO, and founder of Harvest Capital management, has over thirty years' experience developing portfolio strategies and analyzing investment opportunities.*

James Fitts, CFP, Managing Director, and Chief Planning Officer, has been assessing personal and business financial positions and advising family-owned businesses on ownership and succession for almost forty years.

John Weeks, CExP, Managing Director of Family Wealth and Business Transition planning, is a financial service professional who has been working in wealth management, commercial banking, and family business for over thirty years.

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

[1] BEI 2016 Business Owner Survey,
<https://www.exitplanning.com/2016-business-owner-survey-report>;
<https://www.exitplanning.com>.