



For Small-Biz Owners, It's Tough To Let Go

Expert advice for entrepreneurs contemplating a new life

Small-business owners, many of whom started their companies and nursed them for decades, often have a hard time living the life of a retiree. National Correspondent Mark Morrison spoke with Eric Sundstrom, co-founder of retirement-planning service My Next Phase and professor of psychology at the University of Tennessee, about the special challenges entrepreneurs confront as they near retirement age.

How is an entrepreneur different from a corporate employee in planning for retirement?

The main difference is in ego investment – psychological involvement in the business. Small-business owners and entrepreneurs are involved and invested and personally identified with their businesses in ways that employees in large companies just aren't.

When should they start thinking about retirement?

It's hard to say when, because they don't feel the same pressure as an employee to retire by a certain age. They make the rules, and they don't have to retire if they don't want to. It's rare for a person to walk away from the business unless they want a child to take over.

Otherwise, if they show up on our doorstep for retirement counseling, they are usually being forced to slow down by some kind of physical infirmity or other factor that makes it impossible to keep on doing what they've been doing.

When is the best time to plan an exit strategy?

I don't think you can start too soon. You need to look far forward: "When will I likely not be able to do everything I'm doing now, and who will take my place?"

Can you give us an example of a small-business person who made a successful transition to retirement?

A marketing executive, a member of a retailing family, decided to do a family genealogy. She went about it much the same way as she did her marketing job and replaced her career with a new pursuit that would take a lot of commitment and social engagement. The focus of this work was to satisfy the family's interest in its roots instead of the old focus on satisfying the customer.

And the opposite – a plan that fails?

In one small food-processing company, the head of sales has envisioned sitting by the lake in a cabin he has built. He's about to flunk retirement because he's leaving a job in which he has contact with people 10 hours a day.

I've tried to dissuade him, but this is his dream, and he thinks this is what retirement is.



SUNDSTROM Best-case scenario for entrepreneurs: Find a commitment as engaging as work was