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Unfolding the Key to Success

Business Exits Report

Foreword from Arbuthnot Latham

Welcome to our *Unfolding the Key to Success* report, which focuses on UK entrepreneurs – the people who make business happen, create jobs and generate wealth.

Arbuthnot Latham is a proud champion of entrepreneurship and the benefits it brings to our economy and communities. Our teams work in partnership with entrepreneurs and are embedded in the entrepreneurial ecosystem of the UK. From grassroots projects and business expansion to future-proofing for the next generation or helping clients navigate a successful exit, we are committed to supporting entrepreneurs and SMEs.

With *Unfolding the Key to Success*, we aim to shine a light on the myriad factors influencing entrepreneurs at different stages of their journeys. Whether a natural progression from an entrepreneurial family background, or a desire to move out of the corporate world, everyone has their own story to tell.

We recognise that while there is no set profile for an entrepreneur, entrepreneurship is centred around creativity, innovation and continuous learning. We initiated this research to contribute to our own learning and, in doing so, better serve our clients by shedding light on the business exit process that can cause anguish and celebration in equal measure.

From inception to exit, we explore the experiences that define business founders and uncover the motivations that shape their ambitions at various stages of their entrepreneurial journeys. We also contrast the experience of business owners who have exited, as well as those who are yet to, highlighting their considerations, anxieties and what, if anything they would do differently.

We hope you enjoy the report.

Paul Beach
Director, Head of Executives and Entrepreneurs

Arbuthnot Latham Private Banking

Keys to success

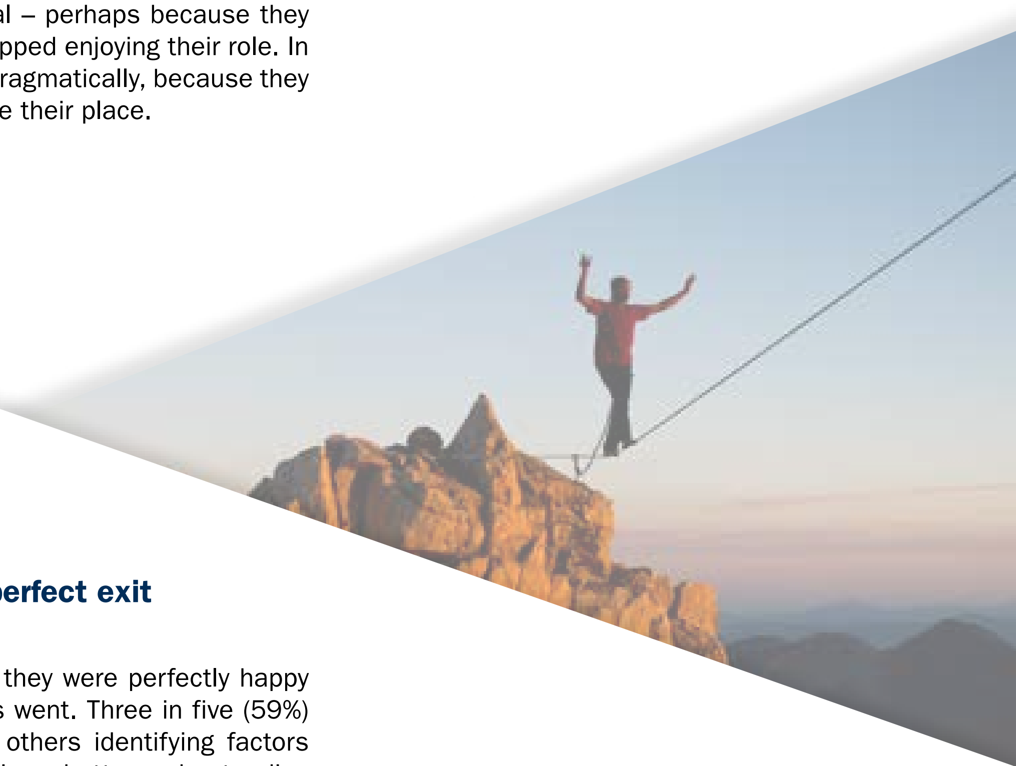
1 Entrepreneurs consult a diverse ecosystem of trusted advisors

A business exit has important implications for entrepreneurs' personal wealth and lives beyond – and those who have exited are approximately seven times more likely to involve a private banker in the process than those who are yet to (29% vs 4% respectively). Despite strong intentions, only 19% say they had a plan in place to protect their wealth post-exit.

Those who have exited are
7 TIMES
more likely
to involve a
private banker

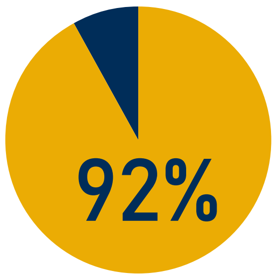
2 There is a disconnect between expectation and reality when it comes to business exits

Entrepreneurs anticipate that when the time comes, the decision to leave their business will be personal – perhaps because they have reached a certain age or have stopped enjoying their role. In reality, they often end up exiting more pragmatically, because they have found a suitable successor to take their place.



3 There's no such thing as a perfect exit process

Only 22% entrepreneurs reported that they were perfectly happy with the way the business exit process went. Three in five (59%) would have sold later or earlier; with others identifying factors such as finding the right buyer and gaining a better understanding of the risks involved as key considerations.



continue their involvement with the business world in some capacity

4 Prior to an exit, founders usually believe they are stepping away for good

Yet 83% remain connected to their firms in some way – most commonly, as advisors or Non-Executive Directors. Almost two-thirds perceive this continued involvement to be stabilising for their former firms in the long-run.

5 Most business founders do not retire in the traditional sense

92% continue their involvement with the business world in some capacity. The quest for time remains elusive, as many find themselves channelling their expertise and capital into mentoring, angel investments and philanthropy.

01 The entrepreneurial mission

"At first, I was selling coffee because I had to; I wanted to pay for my education [in the UK]," says **Lauren Le Franc** – founder of the impact focused Little Coffee Company. *"I qualified as a lawyer around the same time there was a coffee crisis happening in my country [Jamaica]. I wanted to come back, see how I could help and it was then that I said – okay, I want to set up something meaningful, something that has a social impact."*

Entrepreneurs are motivated by myriad factors to start their ventures. These feed into the types of businesses they go on to establish and are later also reflected in their exit plans. For some, the desire to keep profit for themselves is a strong reason to establish their own company; for others, it is about seeking influence, achieving autonomy or creating social impact.

While there is no blueprint to becoming an entrepreneur, understanding the formative events that drive the entrepreneurial mission is key to helping leaders progress towards their goals.

From the outset, entrepreneurship allows business owners to 'dream big' and pursue a broad set of ambitions. For nearly one in four, wealth creation is a principal driver and motivator. Looking closer, however, a more nuanced picture emerges beyond purely profit – one that is influenced by their diverse backgrounds and experiences. Many see entrepreneurship as the way to pursue a different lifestyle, find success outside of a challenging corporate hierarchy or, simply, do the best for their family.

"My family did not have a background in business," says Lauren. *"They are a very typical Jamaican family in that they wanted me to become a lawyer or a doctor so my path to entrepreneurship was initially a very difficult one."*

This experience is a sharp contrast to her business partner's, Jagruthi Kumaradasan, whose family had already started several successful businesses and acted as an inspiration to seek this path. *"I've always looked up to [my parents]"*, she says *"and it was my mum who actually encouraged me to get into entrepreneurship."*

A common denominator for nearly three in five entrepreneurs is that they hail from a family business background. Growing up within this commercial context can offer aspiring entrepreneurs a head-start through connections, capital and confidence. It can also impact their motivations for wanting to become an entrepreneur in the first place, as they will have seen the potential opportunity for wealth creation.

However, 42% of our research audience are first-time entrepreneurs – they are self-starters, striving to achieve autonomy and success, and adopt a different mindset from previous generations in their families. Many will have left the corporate hierarchy to take full charge of their destinies.

This was certainly the approach taken by **Ben Dhesi**, who exited Pulse Business Energy (an energy broker he co-founded). Although he initially trained and qualified as a lawyer, and did not come from an entrepreneurial family, he recalled quickly feeling restless and realising he wanted to *"be on the other side of the table. Certainly, I wanted to be rich and, yes, I wanted to be my own boss because I didn't necessarily play the corporate game as well as others. Especially in a big business environment, when I could see that I needed to be heading in a certain way to move up the ladder, and I personally wasn't suited to that."*

Chasing time

The most elusive ambition that they hoped to achieve through entrepreneurship is greater ownership over their time. Many entrepreneurs have socially-minded aspirations, both personally and professionally, for how to spend this time – which can include ringfencing family-time for a healthy work-life balance and integrating good governance principles across their business.

"We work all the time," says **Ms Le Franc**, whose business is still in early start-up phase. *"We have a small team, we're dealing with suppliers in different countries, different time zones. We try to ringfence personal time, as we don't want to burnout but it's very difficult because something unexpected always comes up."*

Achieving a healthy work-life balance is notoriously challenging for those running their own ventures, especially during the business inception years when entrepreneurs are grappling with competition, finessing their products and services, and responding to customer demands – all while keeping the business afloat.

But the hard work never stops when you are fully responsible for your own success. This is perhaps why upon reflection today entrepreneurs still feel that their work-life balance isn't right. Over half say that spending time with their closest family members and friends has become even more important to them than before. It's a natural step to start thinking about their eventual exit.

Ed Bussey, serial entrepreneur and current CEO of Quill, a global leader in Performance Content for ecommerce, agrees: *"Time is the commodity in shortest supply. I've had to be really disciplined with myself and make sacrifices in some areas to ensure I don't compromise either time with my three kids or my own health and wellbeing. I've worked crazy hours and it's critically important to keep yourself healthy, especially in the start-up phase. Building a business is a marathon, not a sprint… You've got to work hard on the business as well as on maintaining a healthy balance throughout the journey. It's tough!"*

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3in5

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Priceless connections

There are many ways to build a company's long-term value. When the time to exit approaches, processes and considerations vary depending on experience and background, such as whether entrepreneurs come from a family business background or are first generation self-starters.

Entrepreneurs who are yet to exit anticipate focusing their efforts relatively evenly between a range of business exit planning activities. As they get closer to the point of exit, however, it is clear that discussions converge around two key areas – valuations and timing.

Fifty-eight per cent of business owners that come from a family business background spend their energy on forming a precise understanding of the value of their firm prior to stepping away (vs 41% of first-time entrepreneurs). In contrast, first-time entrepreneurs prepare by deliberating on when might be the 'right' time for them to exit (59%) as they weigh up the wisdom of giving up their venture.

To help with the process, business owners from both backgrounds rely heavily on their advisory ecosystem – drawing on a broad range of personal and professional relationships. *"Because we are a small company, we have to rely on our strong network of mentors, advisors and sponsors,"* agrees **Ms Le Franc.**

Yet, amid these preparations, key elements of managing family wealth and planning for the future are often overlooked. Too often entrepreneurs over-fixate on valuations to the detriment of their wealth transfer plans. So, on reflection, many concede that their business banking relationship could have been more engaging.

In Mr Bussey's experience, conflicting requirements can often emerge between the entrepreneur and investors as the business approaches the exit stage. *"When you start to talk about the black and white terms of different exit offers with stakeholders, you realise that you're not all necessarily on the same page. You need an experienced and independent broker or chairman to intermediate the conflicting requirements that can emerge. Ideally, you'd also have someone who's been through the process in your sector multiple times before, bringing their direct experiences and scars to the table too."*

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Passing the baton

For some, perhaps more cautious entrepreneurs, the business will be run separate to their other investments; others will pour their heart, soul and most of their workable capital into their ventures. The exit strategy therefore depends on how entrepreneurs and their trusted networks perceive the business.

For **Ms Le Franc**, exiting is not a relevant consideration yet. *"We're still focused on growing our business, rather than who we are going to sell to in several years' time. Because our business impacts people, we prefer to bootstrap our operations and look for strategic partnerships that can help boost our capabilities."*

For **Mr Bussey**, a more seasoned entrepreneur, this experience rings true. *"At the beginning I was told to concentrate entirely on growing the business and not think about the exit. I think there's some value in that approach - in being totally disciplined and focused on the growth of your business, as there's so much to do in those early years that you rightly don't want to be distracted thinking too much about who you're going to sell to."*

"But over time, I've learned that this isn't the full picture. There must be an exit plan. Who are the companies who could acquire you? Who would you want to be bought by? Otherwise you end up in a cookie-cutter corporate finance process, with a fixed timeframe in which to sell the business, and there's insufficient time for you to build meaningful relationships and trust with potential acquirers."

For nearly three-quarters of entrepreneurs that come from family business backgrounds, the business is part of their overall investment strategy **[Figure 1]**. For them, transferring the business to people they can trust to maintain its values is critical to the business exit process and may explain why more than half end up transferring ownership to a family member. This makes it even more important to have a comprehensive wealth transfer plan in place.

Meanwhile first-time business owners tend to ringfence their business from their wider investment portfolio. For them, releasing capital tied up in the business is most pertinent when exiting, and could explain why 63% of these business owners choose to pass on ownership through a sale.

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Q. Which of the following scenarios best reflects what happened / your intentions?

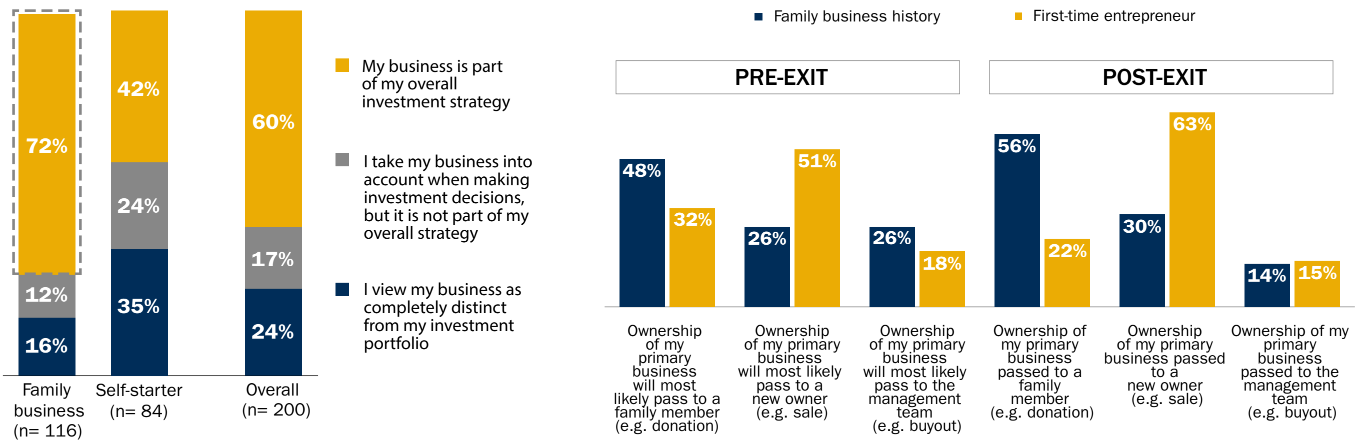

Figure 1: Entrepreneurs' business planning preparations vary by background

Leaving a legacy

Over the years, the entrepreneurial mission changes less than anyone might think. Independence, flexibility and being in charge of their own destiny remain entrepreneurs' strongest motivations. *"Entrepreneurship is a way of life,"* says **Ms Le Franc**. *"It offers autonomy, freedom, choices and opportunities I probably wouldn't have had outside of entrepreneurship… It's changed me as a person."*

With time even more precious now, many want to re-establish a sense of balance, which an eventual exit seems to offer. As they approach that milestone, or start to think about it, they turn naturally to those whom they feel they can trust most to preserve the value they have built up.

Reflecting on his experience, for **Mr Bussey**, *"entrepreneurship is about the excitement and satisfaction of creating a business from a blank sheet of paper: to see an opportunity and make something come alive from it – to have an idea that clients get sufficiently excited to spend money on, to create a business culture that gets employees inspired to come to work with you, and to show the potential to build meaningful value that wins over investors."*

"The opportunity to create value is also important – not just for yourself but also for your team. Most of my team have had share options in the business, and I'm delighted that, after seven years of hard work on the journey with me, they have the potential to walk away with a share of the financial benefit that they have helped create."

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02 The highs and lows of navigating an exit

Creating a successful company takes boundless creativity, grit and resilience. Founders spend years toiling away at the expense of their social and family lives, relentlessly reinvesting time and capital back into the business and its people.

On the way, some think about what a potential future exit process may look like; others prefer to go with the flow. Yet the time to step away eventually comes for all entrepreneurs, and when it does, navigating it can be as much a science as an art.

"Everything changed for me when I received a phone call from a private equity company," says **Lynne Hill**, first-time entrepreneur and recent business 'exiter'. Prior to the call, Mrs Hill spent 20 years working in a general practice as well as with a number of universities, turning around struggling businesses.

"The [private equity firm] was looking to start a corporate veterinary practice for a buy-and-build strategy; I had never worked with a PE company before so had no idea what it was going to be like," she says. *"They were great, in under five years we built it from one veterinary practice premise to approximately 135, but it means giving my heart and soul to the process."*

For **Brendan Dawson**, serial entrepreneur and investor who has been through several exits, the key to maximising the success of a business exit is meticulous forward planning. *"You need to be aware that [the process] is going to take two to three years, you need to have a focus and you need to plan. You also need to be aware that, even though you have good advisors, lawyers and so on – right down to the final minute – it can all still go wrong."*

Our findings, delving into the hearts and minds of HNW UK entrepreneurs, shed greater light on the business exit process. They compare and contrast the experiences of business owners who have been through an exit with those who are yet to – to better understand their considerations, anxieties, and what, if anything, they would do differently.

Pulling the cord

"The first business I was involved in, there were no plans to exit…An unsolicited offer to the founder and the other shareholders resulted in an unplanned sale of the business for £5.7m. The business was restarted and after several MBO's the new business was eventually sold for just short of £100 million," says Mr Dawson. *"So the lesson is don't accept the first guy that comes knocking on the door – if he's knocking, there's a reason and the reason is he must believe that the business must be worth more than you think it's worth."*

39% of our UK entrepreneurs have exited their business, with many more expected to join their ranks as demographics evolve.

Those who have exited tend to be, on average: **45** Yrs old and have an average wealth of: **£4.1m**

Those who are yet to exit tend to be, on average: **54** Yrs old and have an average wealth of: **£2.7m**

Having taken the business through its trials and tribulations, grown with it and seen it flourish, the decision to step away is seldom an easy or straightforward one.

Entrepreneurs rarely anticipate that shift in mindset towards exit. Business owners who are yet to undergo an exit, for example, find it challenging to imagine a future in which they no longer play a role in their business. Approximately two-fifths of these entrepreneurs expect to reach a certain age or 'fall out of love' with their role and then seek to leave their firms [**Figure 1**].

For Mrs Hill, understanding the strong position of the business was the cue to exit. *"We recognised we were at the top of our market, started the exit process and have since been proven right. We know this because lower multiples are now being paid in this sector."*

"We also knew that the [buyer's] culture was a very good fit with ours, that the people we employed and brought on were going to have a safe home, they were going to have opportunities to move within a large corporation – so for us, it was the best buyer we possibly could have had for everybody."

However, even those who identify the right buyer and time to sell, can find the exit process extremely difficult. *"Most people say – it's pretty much a six-month process of selling and exiting, but you're doing that and running the business at the same time,"* says Mrs Hill. *"That's one of the hardest things and shouldn't be underestimated. If you thought you were working hard before you go into exit, at exit stage you're working double that. It's incredibly tough, so by the time you sell, you're totally exhausted."*

It is therefore critical entrepreneurs are mindful of these requirements and their likely intensity when preparing for and managing this period. For Mr Dawson, strategically planning ahead made the experience more balanced: *"We started lining up our exit strategy about three years ahead. We said – this is where we need to be and from that year we were doing things with that result in mind."*

The strategy included raising overall brand awareness in the community: *"You start entering competitions, winning awards, get involved in the 'companies to be proud of' lists, and all of a sudden people are listening. Create a potential tension for the purchase so that 25 different private equity firms find you interesting."*

When the time comes to pull the cord however, the reality is more nuanced and underscores the highly personal nature of untangling the individual from the business. Finding a suitable successor – who can do what they do and take over the business – is often the trigger for an exit.

Q. Which of these milestones were most influential / are most likely to prompt you to exit your business?

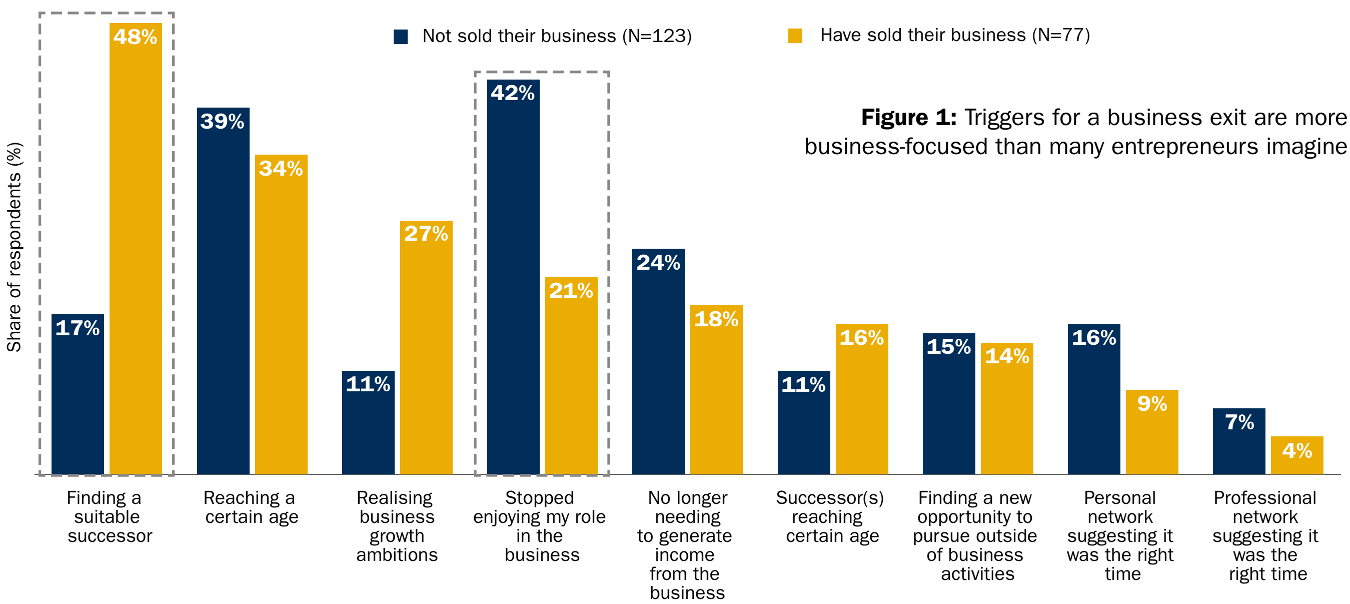

Figure 1: Triggers for a business exit are more business-focused than many entrepreneurs imagine

Navigating new territory

Prior to an exit, many entrepreneurs imagine that when the time comes to step away, they will be prepared to clinically cut ties with their business. Our findings show that over a third (35%) of entrepreneurs believe they will cease all involvement. And yet, for most, an exit is not a clean break and as many as 83% remain connected in some capacity **[Figure 2]**.

Some entrepreneurs have a set earnout period before they can fully exit, but this can be beneficial and detrimental to the business in equal measure. **Ben Dhesi**, who left Pulse Business Energy (an energy broker he co-founded), found his two-year exit challenging. *"Whilst I was mentally prepared to give up control and decision-making, it was still hard. It blind-sided me. Our business was a people business. You're mentally prepared for things to be different, but you still feel like you're trying to bridge the gap between the new owners (who were very nice) and customers who are used to the way you've done things for them in the past."*

35%

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83%

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Q. In what capacity, if any, do you imagine / did you continue involvement with your business after exiting?

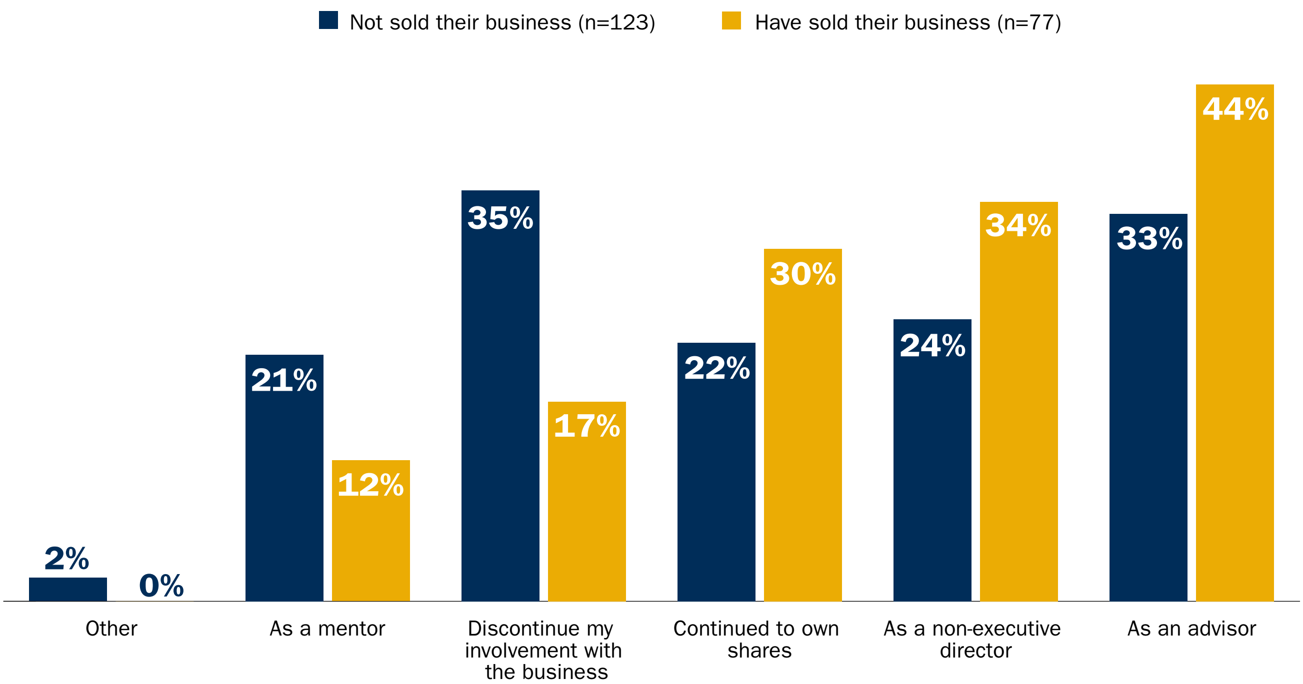

Figure 2: Entrepreneurs struggle to cut the cord with their own business

Despite having no real qualms about handing over the reins to new owners, the entrepreneurs who stay involved believe that their presence helped stabilised the firm post-exit. In such instances, business owners typically take up advisor (44%) or non-executive director (34%) roles.

Mrs Hill went through a similar experience however it was the buyer that insisted she stay on to ensure business continuity: *"When we did sell, it was important for the new buyer to have some of the management stay on, as these are the people that built the business to where it was,"* she says. *"I was out [financially] on Day One but said I would stay as Chief Executive for a maximum of one year."*

Moreover, 43% of entrepreneurs also believe they will take a step back from all commercial activities, but in reality, only 8% do this **[Figure 3]**. Many are unaware of the significant direction and purpose their business offers them until they have gone through the other side of the exit process. Later, they feel the pull to remain connected.

Q. Which, if any, of the following business roles do you anticipate / did you get involved in?

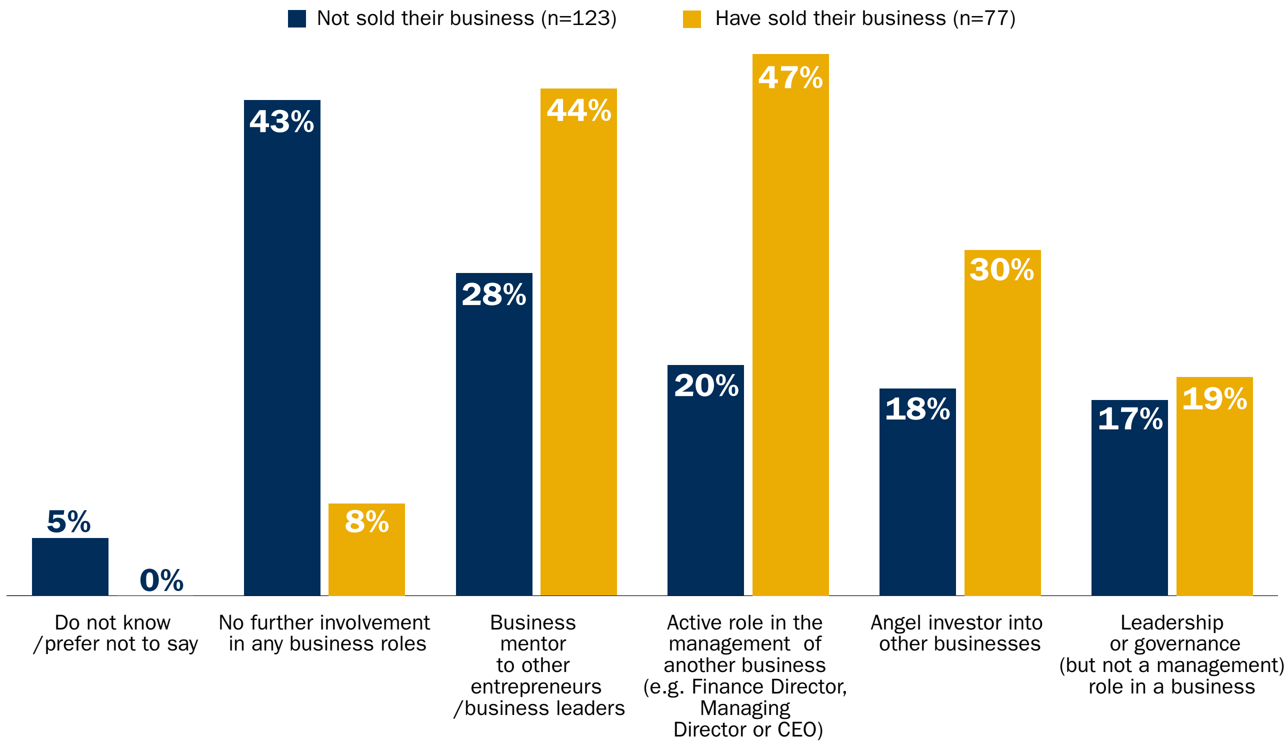

Figure 3: Business life after exit remains active

For the vast majority of those who remain involved in the broader business world, the role becomes about closing the entrepreneurial loop and giving back in the form of time, expertise or both. Of these entrepreneurs, nearly half become actively involved in the management of another business, taking up roles such as Finance or Managing Director, or acting as mentors to other entrepreneurs.

This is exactly where Mr Dawson finds himself, taking on a combination of Non-Executive Director, mentor, governance type roles. *"I think it's a lot easier these days, if you're actually in a support or advisory capacity because you don't have to be there nine to five, five days a week. You can be on email, telephone, Skype – putting an hour aside to do this while having fun. And the value you bring is phenomenal, without physically having a presence in the business."*

Mrs Hill, on the other hand, takes the opposite perspective: *"I exited less than a year ago, have spent the last six months on holiday, seeing old friends and people that I hadn't seen for years. I have taken on a couple of chairmanships but nothing that I don't want to. I am not getting involved in another business – I've been there, done it… Unless it was something very interesting,"* she adds, smiling.

Future-proofing your legacy

Given the numerous moving parts, a business exit becomes an emotionally-charged, lengthy and complex process for most entrepreneurs. It requires careful coordination, ongoing expertise and support from professionals.

When entrepreneurs are asked to reflect on their own business exit, 78% say the process could be improved. Looking back, approximately a quarter believe that they could have been more strategic about finding the right buyer and the right price-point for their business **[Figure 4]**.

Many also feel that they should have utilised the relationship with their main business bank more, seeking guidance and support across areas such as funding, professional development and future wealth planning.

Neil Stammers recently exited as Managing Partner of a business and accounting consultancy servicing the marcomms sector, which was acquired by Haines Watts. Mr Stammers' advice is to seek external guidance from people whose expertise supplements that of the Board. *"It can come from different sources: an "angel", accountants, lawyers, a Non-Exec Director. It's somebody that actually has been through what you've been through, once or twice before, that can actually help guide you, and not just through the sale process. I strongly believe you need to focus on finding that person, and get them involved in your business, at an early stage."*

Q. In hindsight, are there any areas of the business exit process that you wish you had approached differently?

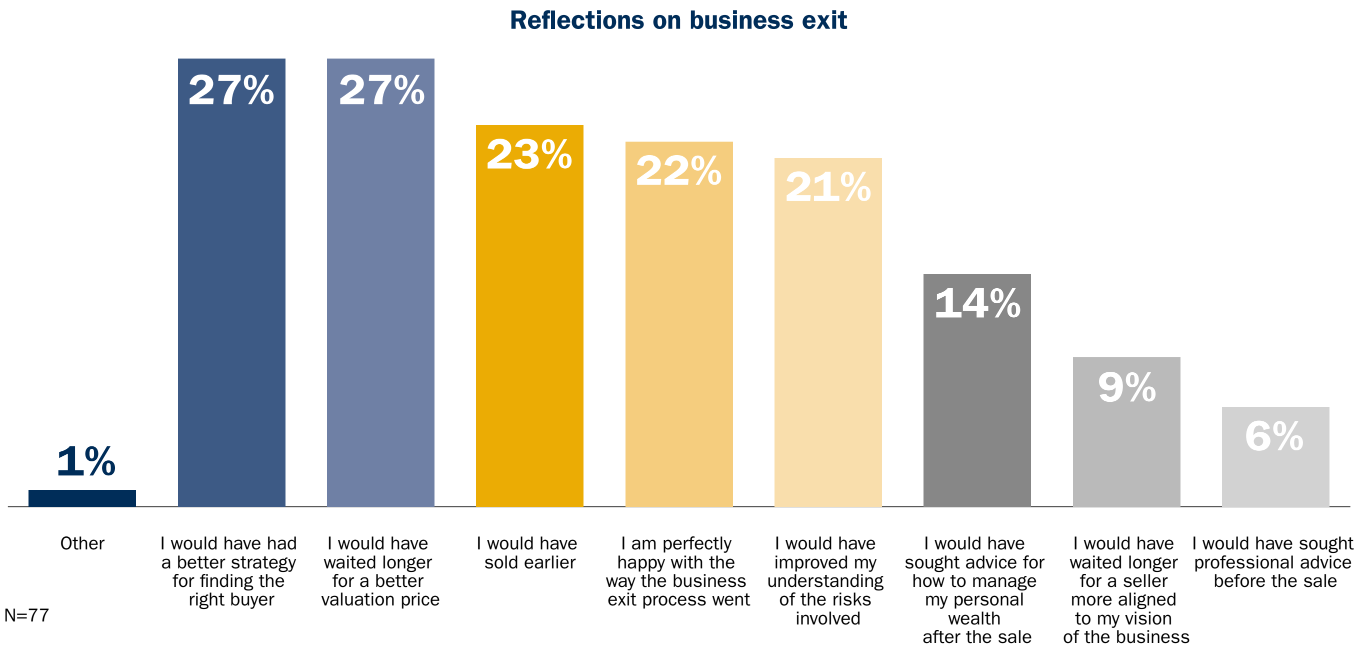

Figure 4: Most post-exit entrepreneurs would do things differently

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03 Stepping back or stepping up?

Most entrepreneurs do not retire in the traditional sense when they exit their business, so planning for retirement is a complex undertaking.

"People always ask me how much I work, and I find it a very difficult question to answer," says **Paul Ettinger**, one of the founding team behind Caffè Nero, serial entrepreneur and angel investor. *"I work all the time, including weekends – but I'm having fun."*

After completing his MBA and spending over a decade in the corporate world, Mr Ettinger turned his eye to entrepreneurship. *"I wanted to get out of that environment, I wanted to do something I would actually enjoy. I have two passions in life – food and music – so helped to start a coffee business. I stepped back from the day-to-day running of it [a while back], but still do two days a week, mainly developing their music programme."*

Our research finds that nearly all (92%) UK HNW entrepreneurs remain connected to the business world in some capacity – significantly more than say they would pre-exit (57%).

Of these, nearly half take up an active role in the management of other businesses by becoming CEOs, Managing Directors or Financial Controllers; 44% stay on as advisors to their own business or as Non-Executive Directors (34%); and 44% become mentors to other entrepreneurs.

Interestingly, those who do step away entirely are on average older (65 years old) and tend to be first-time entrepreneurs who say they stumbled into entrepreneurship in the first place.

For **Lee Mowle**, fellow peer-to-peer investor and serial entrepreneur, a business exit can only be successful if you are honest with yourself. *"I think it's important to understand where you're trying to get to and when to get off. For me, it's always been when I become the limiting factor for the business and I'm starting to hold it back. To do this, you need to look two or three years ahead, realise when you're starting to run out of ideas, energy or whatever it might be, and be very true to yourself in recognising where that is."*

Missing the adrenaline rush

Having risked it all on their own venture, some entrepreneurs go on to risk even more capital supporting others. Following an exit, just under a third (30%) are inspired to give back to the entrepreneurial ecosystem by becoming angel investors and backing early-stage, potentially risky, capital hungry start-ups.

Investing in non-listed businesses is an unpredictable rollercoaster, which can also be highly rewarding. Perhaps it is this adrenaline rush that investors in non-listed businesses crave – finding exciting prospects, supporting funding rounds, creating connections and mentoring.

Mr Ettinger understands this well: *"I enjoy work. I invest in various businesses – from tech to music to food and sit on seven boards. Since Caffè Nero, I have built a few other businesses – one big Internet social network, which we exited, very painfully. And about two years ago, I started a music business, which I am growing with a couple of partners. I am also involved in two exits – one is a family business and the other I've been mentoring for a couple of years."*

Angel investment opportunities are originated through a combination of formal and informal channels, namely financial advisors, professional advisors and friends. The wealthiest entrepreneurs (those with £2.5m+) cast their nets even wider and rely on additional sources such as venture capital (27%) and former clients or business contacts (32%).

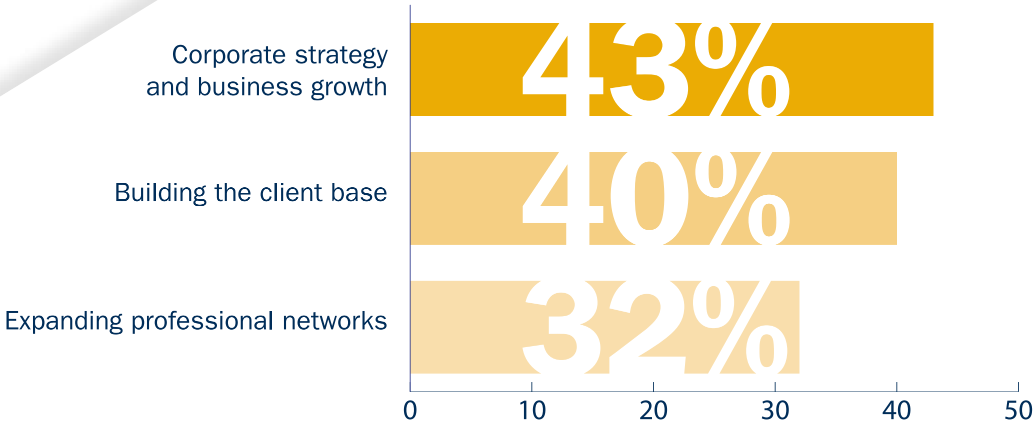
"There are various networks in place," says Mr Ettinger. *"I work with the London Business School, and their E100 network. They are very good, very professional and you pay for it. There is an INSEAD network, which is where I'm from, the Cambridge network and so on. Then are some very good early stage VCs who work with a lot of angel investors so it's a hybrid model, and that also works extremely well. And finally, there is your own network."*

Aside from funding, angels also find themselves offering up their expertise in the form of advice, mentorship and guidance. In light of their experience, their advice is particularly valued on corporate strategy and business growth (43%), building the client base (40%) and expanding professional networks (32%).

Perhaps unsurprisingly, the wealthiest entrepreneurs find themselves providing much more guidance around business expansion (59% vs 29% those with less than £1m) and weathering challenging business environments (32% vs 12% those with less than £1m).

Mr Mowle's experience of finding the next opportunity was not as easy or intuitive: *"[I went through an exit] and then I had five years where I was looking at investing in the next thing, which at the time was start-ups. It wasn't really my world, so I went back into something that I knew – finding businesses that had lost their way that I could have an impact on,"* he adds, *"so am enjoying getting back into doing that"*.

Aside from funding, advice from angels is particularly valued on:



Picking winners

While angel investing is a risky business, approximately two-thirds of angels invest only in businesses that meet their strict due diligence standards. Interestingly, how non-listed opportunities are perceived evolves once entrepreneurs have been through an exit.

For example, angel investors who have not been through an exit are, on average, more likely to perceive it as a private activity – a useful way of diversifying and growing their investment portfolio **[Figure 1]**.

Angel investors post-exit, however, are more likely to perceive it as a social activity – a way of connecting with a peer-group of other business leaders or investors. Post-exit angels are also more likely to invest in businesses that are aligned to their previous experience, as opposed to those which expose them to new ideas.

Q. For each of the following pairs of statements, select which best describes your attitudes as an investor in non-listed businesses?

Figure 1: Angel investors post-exit view themselves and their role as challengers

"If there's one key lesson I've learned over 10 years – after making some expensive mistakes – is that it's all about people... You can have a great product and a great market, but if the people aren't right – it's never going to work."

For Mr Ettinger, the business world and angel investing are all about experience, accrued over the years: *"Over time, you become experienced, you learn. Some of it is common sense, and some is 10 years of learning, growing, seeing what did and didn't work. I always learn from my own mistakes [rather than others'], that's my trouble."*

The difference in outlooks suggests that angel investing is one way for entrepreneurs who are on the other side of a sale to maintain and strengthen their networks. They enable an opportunity to socialise in a professional setting.

"If there's one key lesson I've learned over 10 years – after making some expensive mistakes – is that it's all about people," says Mr Ettinger. *"You can have a great product and a great market, but if the people aren't right – it's never going to work."*

This may also be why post-exit angel investors see their role as 'challengers' (rather than 'supporters') to the management team of firms they are advising – interrogating their thinking and strategy from a position of prior experience and knowledge.

Life beyond the business world

Besides business, entrepreneurs' post-exit plans focus on broader strategic philanthropic initiatives. Those who have sold their businesses find themselves involved in more civic activities than they would have anticipated.

For example, many more fundraise for charitable organisations, pursue strategic decisions with a clearly defined social impact objective in mind, and support grant-making via a personal trust or foundation **[Figure 2]**. In some cases, such initiatives also serve as a source or stepping stone to their next opportunity.

Q. Which, if any, of the following activities are you planning to do in the future / have you committed to since exiting your business?

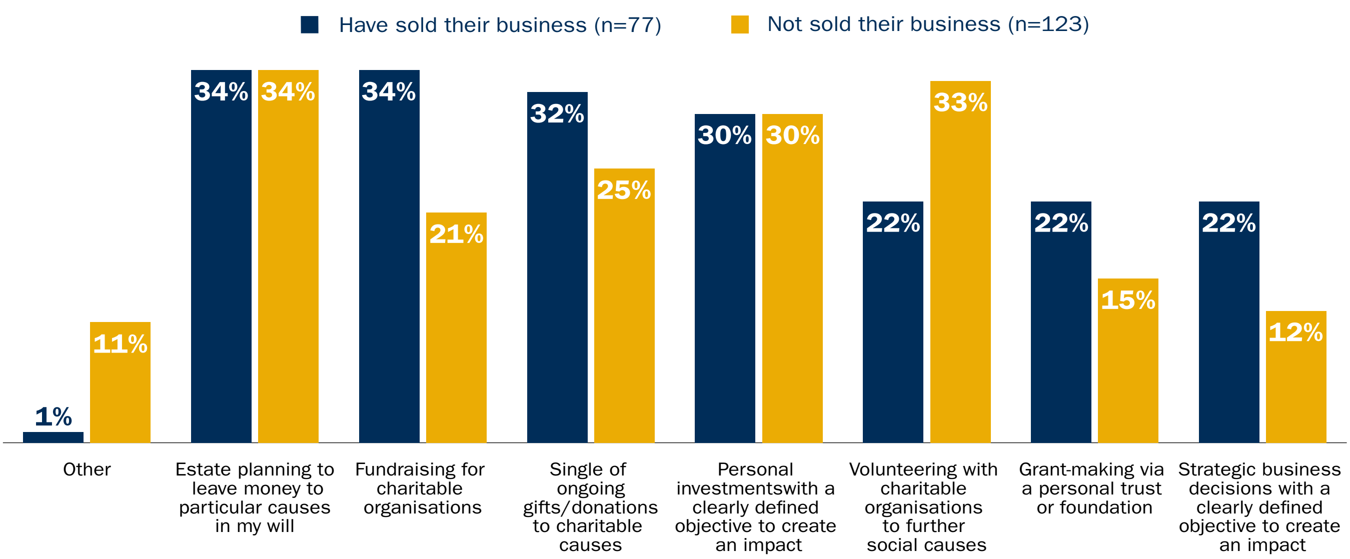


Figure 2: Entrepreneurs plan to volunteer more following a business exit

For many entrepreneurs, life post-exit is viewed as a chance to channel their talents and experience into new endeavours. Angel investments and philanthropy are popular routes, but a remarkable number also continue to keep their fingers on the pulse of other privately-owned businesses, including those they have just sold. In the end, the quest for time remains elusive as many do not step back in the traditional sense – rather, they step up to the new opportunities and networks that their time running their own ventures has offered them.

"For us [entrepreneurs], what we do is more than 'a job'," concludes Mr Mowle. *"Unlike most people, who do something until they reach retirement age and then kind of stop – we enjoy the challenge of what we do and that doesn't stop [after an exit]. You just carry on doing it, but in a different way. For me, entrepreneurship is a weird hobby that happens to be financially beneficial."*

“For me, entrepreneurship is a weird hobby that happens to be financially beneficial.”

Research methodology

To support Arbuthnot Latham's thought leadership, Scorpio Partnership conducted an online survey with 200 HNW entrepreneurs in the UK. Participants – with minimum net worth GBP 500,000 – were independently-sourced and surveyed in April 2019. All survey respondents were major shareholders or active decision-makers in privately-owned businesses.

Insight was supplemented with roundtables in two locations (London and Exeter) and attended by investors, entrepreneurs and Arbuthnot Latham's senior wealth management experts.

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