

In The Trenches_ Conversation with Dr. Sherry Walling

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SPEAKERS

Dr. Sherry Walling, Steve Divitkos

S**Steve Divitkos 00:00**

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D**Dr. Sherry Walling 03:28**

It's great to be with you. Thanks so much for having me, Steve.

S**Steve Divitkos 03:31**

What a treat is to speak with you. You have two fantastic books, both of which are very relevant to the folks listening to this. The first, one of my favorite titles of all time. I'm sure this isn't the first time you've heard that is *The Entrepreneur's Guide to Keeping Your Shit Together*, something that I probably should have read many years ago when I was running my company. Your second book called *Exit Strategy, The Entrepreneur's Guide to Selling Your Business Without Regret*. And that's actually loosely how I want to structure a conversation today, roughly the first half of our discussion will be around managing our psychology and our energy as entrepreneurs. And then the second half, we'll get into some of the unseen costs and tolls that exiting can have. So assuming you are game for that as our game plan, I'd like to start under the umbrella of managing our energy and psychology as entrepreneurs, and I specifically want to talk about a pretty central personality trait, which is that of ambition. So you won't be surprised to hear and folks listening to this won't be surprised to hear that ambition is a central personality trait for entrepreneurs of all stripes. Maybe it's even a necessary ingredient to the entrepreneurial success formula. But in my experience, I came to appreciate that there is a darker side to the achievement coin, and that is, at least for me personally, I tend to struggle psychologically during periods of time where I feel as if I haven't really achieved much of anything. So that is, I guess, both the blessing and the curse of an orientation towards ambition do. So I guess my question to you is, is this just kind of an inevitability, an inevitable price that we have to pay as entrepreneurs, or are there ways for us to ensure that our achievement orientation remains an asset as opposed to a liability?

D**Dr. Sherry Walling 05:12**

Yeah, it's a great question. I mean, generally speaking, if you look at the Marvel Universe or any set of stories related to superpowers, there's usually a shadow side to every superpower. And from a more formal psychological framework, the shadow is the word that Jung describes to talk about, basically the darker parts of any of our unique or really important attributes. So when you talk about ambition, and a word that I might use for that is driveness, but this sense of like constant motion achievement, seeking the next goal that has a shadow side. No doubt it has multiple shadow sides, which is true again, of every one of our strengths. So the trick in managing our psychology around that is really having a clear recognition of what the shadow is and knowing how to work around it. So the one that you described, or the kind of nuanced shadow that you described, is a sense of you're always evaluating yourself. You're always trying to assess, have I done enough? Have I achieved the goals? Have I closed the loops? Like it's sort of a constant assessment that is, frankly, quite narrow and shallow, if you are basing your appraisal of the value of your life based on only these particular business goals. So one way around that particular shadow side is to expand the nature of the evaluation. So maybe you didn't get all your copy written, or maybe you didn't launch your new product this week, but you spent some time with your child, or you got your time in at the gym. So we are expanding the sense in which we are assessing what it means to be living a valuable life. So our ambition is not targeted only at our business, but it has a broader definition and then a broader evaluation.

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Steve Divitkos 07:10

So, does that get into the concept of basically being mindful of the risk of defining ourselves too narrowly along career lines, and ignoring other important aspects of our personalities, like our roles as mothers, fathers, community members, siblings, things like that?

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Dr. Sherry Walling 07:28

Yeah. I kind of think about it as diversifying your assets, like the way in which you want to evaluate yourself. If it's overly focused on your business, then that's the only thing that you're giving time, attention and energy to, and for most of us, that's not what we want. We want a broader understanding of what it means to have a well and healthy and meaningful life.

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Steve Divitkos 07:50

So, when I was an entrepreneur, and frankly, through to today, I lived in more or less a constant state of what if, right worrying about things like revenue declines or competition or macroeconomic forces or whatever the case may be. There's a very, very long list of potential worries, tariffs. So yeah, tariffs. So I guess the question to you is, to what extent is anxiety, or maybe even this sense of catastrophizing. Like, to what extent is this just a price of admission into the entrepreneurial life and career, or are there certain mental models or habits or rituals that can help us build a healthier relationship with this uncertainty that just seems to be ever pervasive?

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Dr. Sherry Walling 07:52

Yeah, anxiety is a really helpful tool. When it helps us to prepare for a contingency plan, it becomes quickly, extraordinarily unhelpful, because most of us don't stop at the it's a little bit like at the check engine light of the brain. There's something that says, Oh, this thing could happen. Let's take preventative measures to make sure that that bad thing doesn't happen. That's a very effective use of anxiety. But when we don't stop there, when the what ifs keep cycling and keep cycling and keep becoming like more and more broader, reaching less and less likely to happen, less and less within our control, then that's where we're in an anxiety swirl that's frankly, just very emotionally and mentally expensive without any significant benefit. So the main, I think, tactic with anxiety is really carefully parsing out, what are the things that we are worried about that we have some potential control or influence over, and what are the things that we are worried about that we just don't have control or influence over? The things that we have control and influence over, we can make some strategies. We can put some preventative measures in place to try to make sure that those things that we're worried about do not come to be, but of course, there's a whole lot that happens in business that we have no control over, and the worry just isn't super helpful.

S**Steve Divitkos 09:59**

So I found, unfortunately, this was after my time as a CEO, and I wish that I discovered it many years ago, but I found the concept, I guess, like the basic pillars of cognitive behavioral therapy, to be quite helpful in managing anxiety. And for those who are unaware, I'm sure I'm going to do a terrible job summarizing this entire field of psychology, but it's basically observing your worries from like a detached third party perspective and evaluating the extent to which they stand up to, like factual evidence that any third party observer would agree with. So I don't know. I'm worried about my largest customer leaving. Okay, well, what facts are there that any third party observer would agree with? That suggests that you're right, and then the similar question, what facts discredit that source of anxiety or suggest that it's unlikely to happen? It sounds incredibly simple in retrospect, but that tool I just found to be incredibly helpful, is that consistent with your experience as well?

D**Dr. Sherry Walling 11:01**

Absolutely. And I think this larger theme is, we call it metacognition, thinking about thinking. It's the ability to sort of hover above the churning gears of your mind and observe the process. And so when you're able to be in that neutral observer framework, you can do a little bit of data collection around the likelihood that your worries will come to be so how likely is this to happen? What's the evidence for this? What are the consequences if it does happen? You know, you can kind of do some of this Socratic dialog around asking questions of your own thought process, which helps you know how much to weight it, how much to like give it credence and to act on it, versus how much to try to release and let go of some of the thought cycles that really are not offering much advantage to your behavior.

S**Steve Divitkos 11:54**

Yeah. And as the heavyweight champion of the world of anxiety suffering, I also went through an exercise that I thought was actually reasonably helpful. I thought back on the past, like a year or so, and I wrote down all of the things that I was, like, meaningfully anxious about, and it was a long journal entry. Let's put it that way. But once I kind of zoomed out and read all of it, the conclusion that I came to is, I'm just going to make up a number. Let's say that there's 10 things. It's probably longer than that, but of the 10 things that I was deeply worried about, probably nine of them never ended up happening. And of the one thing that actually did happen, turns out that I just kind of dealt with it, and so I just, I just found that to be a super enlightening exercise. Just to drive home the point that, like most of the things that we catastrophize or worry about most of the time, they just don't happen, and to the extent that they do, we tend to be able to cope with them better than we probably initially suspect.

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Dr. Sherry Walling 12:53

Yeah, again, I think it's helpful to kind of think of it as a little is the check engine light like I'm worried about a key employee leaving, so give it a minute to just assess. What's the likelihood that that will happen? What are the pros and cons? What does it mean if it does happen? Are there any preventative measures that I can take? Is there a conversation that I can have? And you do those things, you play out the hand, and then you release the worry. So when we ignore our anxiety, and most entrepreneurs do not do this, so I'm speaking to the like very few people who are like not paying attention enough, which is not often. But it does happen, when we completely ignore and override some of our concerns we're not also listening to the feedback loops and the sort of subconscious processes of our minds. So it's reasonable to write down the worries and to play them out a little bit, but once they become outside of our control. Then again, the like superpower is to be able to release them and not continue to contingency plan or to think or to do the what if.

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Steve Divitkos 14:12

Something else that I dealt with many moons ago as a CEO was burnout. And prior to being diagnosed with burnout, I just thought it was like a synonym for being tired, which again, just struck me as like the cost of being an entrepreneur, the price of admission, so to speak. But obviously I came to learn that it is not that at all. I've also come to appreciate that burnout isn't always about exhaustion. It can present itself in a lot of different ways. So I guess the question to you is, what are some maybe less obvious signs of burnout that a CEO or an entrepreneur should be watching out for. And if somebody currently is burnt out, what can or should they do about it?

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Dr. Sherry Walling 14:51

Yeah, good question. So burnout, of course, is an actual diagnostic criteria. It's identified in the ICD 10, which is this, the International Classification of disorders, so it has a label it can be applied by any psychologist, psychiatrist, physician, really, around the world. So that just speaks to the like medical validity of burnout as a phenomenon. It's different than depression, it's different than exhaustion. And I think that it's important to recognize that burnout can look really different in different people, but generally the clusters are around feeling some emotional and physical exhaustion, feeling a diminished sense of accomplishment. So even if objectively, things are going well in one's business or one's vocation, everything is sort of seen through a negative lens. And the benefits, the successes, just don't read, they don't really land with someone. The other thing that we see with burnout is a real sense of like detachment from other people. So a cynicism, maybe this sense of like feeling really resentful of one's customers or clients, deep like frustration with your your team members. So there's a lot of like detachment from the humans that are involved in the business. So I think one of the signs of burnout that most often leads to people having some kind of consult with me, but might not be immediately obvious, is some kind of like popping off in a meeting. Someone who's normally quite kind and good natured just finds themselves like losing their mind a little bit in a conversation within their business, or like behaving in a way that's kind of inappropriate or over the top with a customer who's complaining, or something like that. So there's an agitation that comes with burnout that I think it's important for people to recognize.

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Steve Divitkos 17:03

And is there a typical course of treatment when folks are diagnosed with burnout? Or I would imagine that it probably varies quite a bit depending on the specific circumstances. But you know, if we were to look at like the median instance of burnout, what does that course of treatment typically look like?

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Dr. Sherry Walling 17:20

It's important, really, to identify the drivers of burnout, and that looks somewhat unique in each person. There are a variety of drivers of burnout that have to do with things like the lack of celebrating goals, the lack of goals that are accomplished, the lack of sense of connection within their work. Of course, just too many things to do is often a driver of burnout, the gap between doing tasks that are meaningful to the individual and what actually is required of them in the day to day of their work. So once we really assess or figure out where the gap is, where the incongruence is between what's life giving to someone and what their daily task list looks like. Then we can make some adjustments. But I think the thing that is often discouraging to people around burnout is that burnout is neurological damage, like we can see the evidence of the traces of burnout on an MRI scan, the brain begins to function quite differently. And so unfortunately, once someone is in like full on burnout, really, the only way to undo that damage is for them to take a very significant rest, which usually looks like a minimum six weeks off. So to be able to rewire and reset the brain does take some time. And of course, for entrepreneurs, CEOs, that's a very heavy lift. It's a very heavy consequence. But if you really want to recover and heal, that tends to be the thing that is available to you, much easier to spend your time and energy avoiding or preventing burnout than to be in full burnout and try to fight your way back.

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Steve Divitkos 18:10

On this very podcast, I've spoken very frequently about fear of failure, and how that fear of failure can become, or at least can be, particularly acute and particularly problematic for people who've never really failed at anything, which I think describes it a lot of folks listening to this. But I actually want to ask you about what I might loosely refer to as the fear of success, which I think is probably a less conscious challenge. So have you seen entrepreneurs, likely subconsciously, sabotage themselves just when things are going well? And if so, why does that tend to happen? And is there some way that we can break free of this tendency, or at least be aware of this tendency?

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Dr. Sherry Walling 20:00

Yeah, I think we as humans, really, we love patterns, and when we are used to struggle, it is not an uncommon experience that we will create the conditions of struggle in our lives. And I have seen this over and over with entrepreneurs who are working harder than they need to, doing more difficult tasks than they need to, where they really have achieved a level of success that allows for more ease in their lives, whether that's financial success or a really highly functioning team. But they continue to over function because they're used to that, that's what feels comfortable to them, and so learning new ways of being and learning to risk easing up on the gas pedal can feel very vulnerable and very uncomfortable for people. It really keys into that, what if question that you talked about earlier. This happens even as people, maybe in an example of somebody who begins a business because they are a gifted coder. And as the business grows and they hire people and they're more successful, it does not make sense for them to be writing code anymore, other people need to do that, but the strength with which people hold on to that skill set because they are afraid to stop doing that. They're afraid to let go of the sort of tactile and daily experience of doing the work that they have been accustomed to doing, and then they drive themselves into burnout. It's just like a ridiculous thing to do, to keep doing a skill that you don't need to be doing. But I think this fear of success really does require a new level of risk, to dare to allow ourselves to get a bit comfortable in a life that is not based on so much struggle.

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Steve Divitkos 22:08

One of my favorite authors, has this amazing quote that comes to mind. He said, a lot of people seem to have a necessary level of stress, and when their life is going well, they make up imaginary problems to fill the void.

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Dr. Sherry Walling 22:22

Like we feel like we're functioning when our stress level is at like seven out of 10.

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Steve Divitkos 22:28

Yeah, yeah. It feels like we are progressing. We're doing something, we're challenging ourselves, we're moving forward, and sometimes it feels like we're doing none of those things when the stress levels are low.

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Dr. Sherry Walling 22:37

Yeah. And we miss so much in that so much of the goodness of innovative thinking, of creativity, of even just like pleasure in our lives, happens because we allow ourselves to ease up on the gas pedal and to really just be very present in our lives. And we have these like stories that that means we're slacking or not digging in, or not hustling enough, or we're leaving money on the table, and those stories are just, frankly, often not true.

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Steve Divitkos 23:12

Yeah. Well, that's a good segue into your second book, which certainly discusses the commercial realities of selling your business, but I think in a more meaningful way, really touches on the personal realities largely unseen, at least in my experience of selling a business. And actually, where I want to start as we dive into the second book, is just kind of setting the table, because a lot of the people listening to this are either brand new CEOs, the beginning of their entrepreneurial journey, or their perspective entrepreneurs and CEOs thinking about taking that direction in their life and their career. So they might be listening to this topic, this idea of selling their business, and they might say, my goodness, I'm going to cross that bridge when I get there. That is many, many, many years of my future if I ever get there. So I guess, can you speak to these people and tell them why you think it's important for them to begin thinking through the challenge of an exit even many, many years before it becomes a realistic possibility for them.

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Dr. Sherry Walling 24:09

Yeah, it's a great philosophical question to ask what it is that we're doing when we make a business. You know, I think the very short term answer to that is we want to make something that makes us money, so we can quit our day job, or, you know, do whatever it is that, or stop doing whatever it is that we don't want to be doing anymore. But when you make a business, you are also making this entity that if you do it well, has the potential to survive without you, but that only is possible if you set it up that way. And so from the very beginning of your relationship with your business, if you think about it as an asset that could exist without you, then you are going to fundamentally from the foundational sort of aspects and foundational decisions of your business builds it in a way that is more sustainable, that is more systematized, that relies less on you. And this is a win in all of the ways. It makes running your business easier and more satisfying, and, of course, it makes it a sellable asset. I think the analogy is really like, if you are becoming a parent when you have an infant, it can feel almost unimaginable, but eventually your job is to raise a child that is self reliant and can live without you, and lives without you at, you know, an increasing skill level over time. And that analogy is really helpful in thinking about a business at the very beginning. It's unimaginable that it would ever function without you. But if you can raise a self reliant business, you set yourself up to be able to take vacations, which is lovely, and you set yourself up for having a sellable asset eventually.

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Steve Divitkos 26:06

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Dr. Sherry Walling 27:54

Yeah, selling a business is an extraordinarily disruptive event. Hopefully, it's generally a positive disruption. Hopefully it results in a pile of money, you know, a significant change in wealth and a significant change in time, freedom. So the need not to work at the same level or the same intensity that one was doing before. And these are generally, by most of us, regarded as really positive changes, but every change is disruptive. So again, to think about other analogies, when you get married, when you have a baby, when these big shifts happen in your world, those are wonderful things, but they are also very disruptive. So the ways that a business sale can shift someone's personal relationships are like significant and multifaceted. Some of it has to do a lot with our relationship with money. So if you suddenly come into more significant wealth than you had before, and your family knows that, or your friends know that, it can change many, many dynamics around people's expectations of you, people seeing you as a resource rather than just a person. So I think the psychology around money is one of the things that can be most relationally disruptive, whether that's in your intimate relationship with your significant other, or in your friendships or your extended familial relationships. And I think the extent to which this transition is isolating for the entrepreneur is important to identify. You know, when we retire, when we kind of get to retirement age, sort of, if that's 65 in your community, you retire with a cohort of people who are kind of all retiring around the same time, right? Your friends that you had in your 30s and 40s, if you're still friends with them, you're all kind of meeting up for golf or bingo or whatever it is you're doing. Right? And you're doing that along with a cohort of other people. That's not the case when you sell a business at a different place in your developmental trajectory. So if you're 43 and you sell a business and suddenly you don't have to work, that's pretty isolating actually. You like, don't have any buddies to go golfing because your buddies are working. So thinking about those kinds of things, who becomes your community? How do you spend your time? How do you reformat your life post exit, so that you are connected, so that you do feel a sense of meaning and less disruption in your personal psychology usually equates to less disruption in your relationships.

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Steve Divitkos 30:46

We discussed the idea of unconscious self sabotage when running a business. I'm curious to get your experience as it relates to selling a business. So either consciously or unconsciously, do you see entrepreneurs self sabotage the sale of their company? And if so, what are the most common ways that you tend to see this happening?

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Dr. Sherry Walling 31:12

The answer is absolutely. You know, my husband and I wrote this book really because we were seeing so many people in our various spheres, who were in the sale process and just behaving in ways that were absolutely shocking, because they were so far against their own self interest, against the goals that they had set up for themselves. Again, the money psychology becomes really relevant here, like we've seen people have absolutely unrealistic expectations of what a sale price might be, and so really be unable to engage in a reasonable conversation about the valuation of their business. And that is a form of self sabotage, right? So much attachment to one number that they're, you know, really unreasonable. Other kinds of self sabotage show up in, you know, lots of the aspects of the deal, what happens to the team? What are the terms of an earn out, if there's a stock sale or any sort of exchange and equity? Like all of those things, are places where people can really get in their heads around how their business, and therefore them as a person is evaluated.

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Steve Divitkos 32:35

I mean, this feels like a difficult question. How does someone know whether their response to any given stimulus amounts to self sabotage versus like just a commercially prudent decision? So for example, let's say you want to buy my company, as tends to be the case we are in a long, emotional, protracted negotiation. You want to buy it for, making up a number, 10 million you discover something in diligence. You say, actually, I think it's worth \$9 million and that totally sets me off. They say, You know what? I knew Sherry was disingenuous this entire time. This is the sign from above that I need to walk away. Like, how do we know whether my response to that amounts to self sabotage versus this is just a commercially prudent decision that I probably should be making through a purely economic lens?

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Dr. Sherry Walling 33:24

I mean, I think a sale is a really good time to have a community of advisors around you. They won't make the decision for you. You have to make the decision. But if you have a trusted community of advisors, and you can bring them this question of like this thing came up in due diligence, the buyer is now proposing that they change the valuation to 9 million instead of 10 million. I'm having all kinds of feelings about that. Have a big reaction about that. That feels like absolute bullshit, like I don't want to you know, you can kind of vent through your process, and having a place where, ideally, you can get the venting out and then get to some of the logic underneath that often in the presence of a trusted person, most of us do that better than we do it by ourselves. And the answer is, you know, you can't know for sure, but there is a there is a bit of logic that goes along with some of these things. You know, would another reasonable buyer have a the same concern about that problem developed during diligence? Can you ask some other prospective buyers? You know, if you have other strategic acquirers, how do you collect the data and get beyond the emotion to the data that helps you suggest if you're like you know what your reasonable choices are based on the variables in front of you.

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Steve Divitkos 34:49

So, you might not even be in a position to realistically make that determination yourself. The it sounds like the strategy here is just like cognitive behavioral therapy, get an unbiased. Just objective third party opinion, as opposed to trying to come to that determination yourself.

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Dr. Sherry Walling 35:06

Sales are so difficult because they last a long time, generally speaking, and because they are so fatiguing, right, every aspect of the business is sort of poked and prodded, and there are many just layers and levels of assessment and evaluation, and that just gets exhausting, and it becomes very difficult to be purely objective, which, again, is why you really want a team around you through this process.

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Steve Divitkos 35:37

So when I sold my company in 2020, I got two pieces of advice from post exit CEOs that seem to be almost unanimous. The first was, don't spend the money within the first 12 months. And the second was, whatever amount of time you're planning to take off, double it. So I have a two part question for you. A, do you agree with these Why or why not? And B, is there anything else that you might add to this list that is applicable more often than not? Maybe it's not unanimously applicable, but pretty darn close.

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Dr. Sherry Walling 36:11

I love those two notes of advice. I think they're spot on. Part of this process is being in the middle of a big transition, your identity has shifted, your day to day has shifted, and you just don't want to make big decisions when you are in the midst of a transition. And so the not spending the money for the first year or so feels very wise. Number one, it takes quite a lot of time to develop your capacity to manage money and to have a new relationship with money, because your psychology of money is going to be different post exit, when you are interested in the stabilization and growth of wealth, not really the acquisition of wealth. So there's a lot of like resetting and redistributing, and that needs to happen in your internal psychology around money, and that just takes time. So this idea of waiting 12 months is really, really helpful and important. I've also seen people get really edgy and agitated about wanting to prove that they can do it again, that they're not sort of the one hit wonder of entrepreneurship, but they can consistently grow successful businesses. And this, of course, is more of like an ego sticky point than anything else. But I've seen a number of people buy new businesses in the very early days post exit, and almost all of them were not deeply successful because they weren't vetted. You know, they just weren't thoughtful decisions. They were more impulsive decisions. This idea of taking time off serves a number of purposes. One, it does allow your brain to reset. You know, we talked a little bit about the neurological conditions of burnout. Almost everyone at the end of an exit process is facing at least some version of burnout, maybe not full blown, but it's just tiring. So allowing the brain to recover, allowing the body to rest, like really engaging in, you know, active recovery. You've just run a marathon. So what's the active recovery process for the entrepreneur post exit, it usually requires some significant time away from doing any really commercially driven activities.

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Steve Divitkos 38:30

Is there anything that you'd add to that list? So if 100 randomly selected entrepreneurs came to you for guidance, is there anything beyond these two things that you would tell them 90 times out of 100?

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Dr. Sherry Walling 38:42

One of the things that I often talk with people about is writing the story of their business like because in this exit process is the development of a new identity, or a shifted identity. Part of being able to do that well is recording the story of the business and the story of you in the business that facilitates this sort of metacognitive process where you're in self observation. This is why I started it. This is how it grew. This is the exit process. This is how it shaped me. And that kind of an activity allows for a lot of the emotions around the experience to come to the surface. Maybe there's some grief there, there's almost certainly some pride there, there's some gratitude for the people that helped you along the way. But this deepening into the story helps people to kind of complete the emotional cycle, right? The self identity cycle.

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Steve Divitkos 39:48

And in a way, to process everything that's just happened to them.

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Dr. Sherry Walling 39:50

Absolutely, yeah.

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Steve Divitkos 39:52

One of the ways that I thought about the two pieces of advice that I received, almost unanimously, was this idea of regret minimization. And it wasn't me that came up with this idea. It was actually a forum of mine, an EO. He said something to the effect of, I've never met anybody who regretted spending their money too slowly, but I've met a lot of people who regretted spending it too quickly. And he also said, I've never met anybody who regretted taking too much time off, but I've met a lot of people who regretted not taking enough time off, and for some reason that just totally clicked with me. Yeah, let's talk about communicating a pending exit. Because I remember this being very tricky, specifically with employees, right? Because, on one hand, if you tell your employees too late, you risk blindsiding them, and you risk the perception that you've been dishonest with them for many months. On the other hand, if you tell them too early, you do risk, at least in my experience, stoking unnecessary fears. And of course, there's always the risk that the deal falls through and the company never gets sold in the first place. But it just always felt like a very delicate tight rope walk, yeah, how have you seen this tension balanced most effectively?

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Dr. Sherry Walling 41:11

I just affirm that it is a very delicate tight rope, you know, I think when you are running the business, you take on the responsibility of working in multiple timelines at one time. And most entrepreneurs have a pretty good capacity to do a series of if then statements in their mind, right? If the business sells, then we'll do this. If the business doesn't sell, then we're going to do this. Is our Q3 projection, like they are kind of doing that math often. Most of our employees are not and nor is it their responsibility to do it. So when we introduce Major unknown contingencies and ask them to stay focused on their daily work and also hold a set of unknown variables in their minds, it's just asking too much of them. It's kind of like above their pay grade for the most part. And so I think it's not just about keeping the secret, but it also is kind of like empathy towards the role of an employee versus the role of the leader or the founder. So I tend towards saying less, but it often does have this downside of people feeling like there's a gotcha, like you knew this was happening. You've been working on this for months, and you didn't tell me. The reality is that that is how these transactions happen, and often these processes are under NDAs, and I think the best that we can do to explain and kind of seek forgiveness, not permission, tends to be best for the business. It's hard to manage people's attachments to their work and to their businesses, and as the leader, we can't take on the responsibility for everyone's emotions. We can just act in good faith and be very thoughtful and do the very best we can with our communication, given the information that we have.

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Steve Divitkos 43:24

Does that tend to result in feelings of guilt, particularly for leaders who have historically prided themselves on being very transparent with their employees?

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Dr. Sherry Walling 43:31

Yep, it does. It feels a little like cheating on your partner. I think you know, like that's this other story that they don't get to know. A lot of the founders that I work with really believe in, like, candor and a level of vulnerability in their businesses. And this just flies in the face of that. I have seen some entrepreneurs tell their teams quite early. I think it depends a lot on the size of the team, the amount of time the team has been together, like how integrated the team is. You know, if you have a team of five people and everybody's pretty committed, then it might make sense. There are certainly scenarios in which the communication happens differently based on the variables of the business, but generally speaking, that's where the entrepreneur usually benefits from having, again, a mentor, a therapist, a coach, like somebody, where they can just kind of vent like, I have to do it this way, and it's just terrible. It feels injurious to me, because this is incongruent with how I typically operate.

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Steve Divitkos 44:48

The analogy that I hear most frequently is I feel like I'm cheating on my spouse, like it feels like I've got a second family that I'm not.

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Dr. Sherry Walling 44:53

Yeah, my second life. Yeah, yeah.

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Steve Divitkos 44:56

So, I read a lot of Psychology, philosophy, you know, things under the self help genre, I guess is probably the best way to describe it. And I often, you know, read about this caution against intertwining our identities too much with our roles as CEOs and leaders. And I guess in theory, intellectually, that sounds like perfectly legitimate counsel, but in practice, it feels almost impossible, at least in my experience. So my assumption is that it's almost inevitable for there to be at least some link between our careers and our identities. So if that's true, I mean A, I'm curious to hear the extent to which you agree or disagree with that, but also, are there any ways that you've seen entrepreneurs either deconstruct or maybe even reconstruct their identities post exit?

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Dr. Sherry Walling 45:51

Yeah, I agree with your take that it is somewhat inevitable. There's an interesting research study that was done maybe five to seven years ago, looking at fMRIs, functional magnetic resonance images, of an entrepreneur's brain when they are thinking about their company, and comparing the neurological activation of that brain image to the brains of parents thinking about their children. And so, it's no surprise that there are activations in the circuitry that is associated with affection, with reward, with almost a sense of merging, so that the entrepreneur's brain doesn't really see the business as a separate entity, and as a result, they are it looks a lot like love. It looks a lot like how people feel about their kids. And so, on one hand, how great. How great that entrepreneurs spend a bulk of their working years on something that feels so satisfying and such an extension of them. And then, of course, the danger of that is when those identities are merged, at least from a mental health perspective, you're putting so much of yourself into a business that is deeply shaped by forces outside of your control. So you make yourself quite vulnerable, which, of course, I have some concerns about as a mental health professional. The way around that, or at least the way to offset that is, as we talked about at the beginning of our conversation, to be quite balanced, or to at least bring in some other parts of the self that also feel important, so that you are not putting all of your chips on one bet, but also really value your role as an athlete, as a parent, as a dog parent, like have these other parts of your life that matter.

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Steve Divitkos 47:55

So having goals and sources of Identity well outside of our standing as entrepreneurs, CEOs and leaders. I noticed in, so I had two attempts to exit, one unsuccessful, one successful. Interestingly, in the unsuccessful one, I dealt with something that I hadn't really anticipated, and it was this idea of me falling back in love with my business. And the reason why I say that is because in dealing with all these prospective buyers, naturally, I spent a lot of time talking about what was going well in the business, what the future possibilities were, all the interesting new initiatives that we could execute on. And when I started the process, I was kind of jaded, kind of tired, kind of ready to go. But the experience of going through that process and spending hours and days and weeks and months talking about the art of the possible, I found that I almost kind of fell back in love with my business. I'm curious, to what extent have you seen something similar happen in the CEOs that you've worked with?

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Dr. Sherry Walling 48:56

Yeah, I think you are, you are engaging in the business in a very different way, instead of, like, the day to day grind of running the business you're hovering above, and really, like taking a step back and looking at this thing that you've built, right? And I think most of us feel a sense of like, wow, look at what I made. It is pretty phenomenal when I think about it like this, or when I look at the numbers of the trajectory of growth over time. You know, whatever it is that we are doing as we're talking about it with prospective buyers, but the sense of seeing it with different eyes, I think, can be really satisfying and an important part of the exit process. That sense of bringing conclusion to the story.

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Steve Divitkos 49:42

Have you noticed any generational differences in how entrepreneurs deal with the emotional challenges of exiting a business? So for example, like on average, do those in their 60s and 70s present any differences relative to those in their 30s and 40s? And if so, I'd love to know what those differences are?

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Dr. Sherry Walling 49:58

Yeah, I'm not sure it's so much a generational difference, but I think there are different kinds of entrepreneurs. There are entrepreneurs who really go all in on one business, and they spend a number of years creating that business that might be a little bit more representative of that generation who's in their 60s. Maybe they've been running this business for 30, 40, years. Like that is a different relationship with a business than someone who has a portfolio of businesses. And so they're used to sort of buying and selling one, and they kind of treat it more like, again, just an asset that they buy and sell, versus something that they've made and built and invested in over time. So the duration of ownership and the again, this relationship between how much the businesses as is an extension of the self versus how much it's an asset that is designed to generate wealth. Those things really shape the kind of emotional and relational aspects of the business or of the exit rather.

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Steve Divitkos 51:03

In a way, can it be more challenging for, let's say, a 40 year old to come into sudden wealth versus like a 60 to 70 year old? Because when you're 40, or whatever the case may be, hopefully you have a lot of years ahead of you, and you have, for lack of a better way to put it, interrupted potentially the next 20 years of your income earning life. And if you're very successful, maybe you're in a spot where you don't have to work for the next 20 years, where that you know that's just not applicable for a 60 or 70 year old. I wonder if that, in some ways, makes it more challenging, this idea of, well, I don't really have to do anything anymore?

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Dr. Sherry Walling 51:43

Yeah, and I think there's two things. One is this cohort issue. You're alone in that experience. If you're done with your earning needs at 40, there just aren't a lot of people who are in that developmental experience. And so the thing that I think you're correctly identifying is that you're skipping ahead in the developmental trajectory of what we're doing in adult development. So when we get into our 60s and 70s, often we're thinking about legacy building, like, what's the generation that comes behind us? How are we investing in them? We're not usually doing that in our 40s, we're still building our castle, and so to be developmentally isolated in that and also kind of outside of the normative trajectory of adult development. Both of those things can be really, really tricky. And so often what we're thinking about when people are doing that really at any phase of their life, but especially when they're doing it earlier than what we would call traditional retirement age, is what's the second Mountain, which is a David Brooks term, but what's the next thing that you're going to do that is meaningful and is interesting to you? It might not be based on wealth, it might be based on influence. It might be based on generosity, but you have to sort of figure out a new way to make yourself a job, so to speak. But it might not be one that involves much money at all.

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Steve Divitkos 53:14

I'm curious. I mean, you've worked with entrepreneurs at many, many different stages their journeys. Is there like a particular piece of advice that you give very frequently, but people just seem to rarely take on until they experience the pain themselves. Does anything obvious kind of fall into that category?

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Dr. Sherry Walling 53:33

I think the thing that comes to mind that feels really important that I say all the time is around the protection of sleep. I think that's something that entrepreneurs trade away, especially early on in the life of a business. And it's almost never the right trade, and it almost always has some kind of health or mental health or relational consequences when people are pushing their bodies so hard that they are not sleeping well or not protecting their sleep.

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Steve Divitkos 54:07

So people only realize the importance of sleep once they feel the lack of it.

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Dr. Sherry Walling 54:14

Yeah, and entrepreneurs are, they're a little bit of exceptionalist, right? They always sort of think I'm the exception to this rule, like other people need to sleep, but I'm fine on four hours. And there are a few humans who are built that way, but very, very rarely. And so this idea that, like I'm the exception to the rule, I don't need that, that's for the mere mortals, other people need that, that's often logic that comes back to bite people.

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Steve Divitkos 54:44

So I guess one concluding question I have for you is, as you think back on your own journey writing this book, what are some of the more surprising or unexpected or meaningful lessons that you learned, something that you know and appreciate today that maybe you didn't know and appreciate before you first put pen to paper on this book?

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Dr. Sherry Walling 55:08

I think the reason for writing the book was because of this observance of how deeply people imploded in the midst of and right after their exits. And so it was a bit of like a working hypothesis, like this is really difficult for people, right? And the more people that I interviewed, and the more deeply I went into the subject, the more it became clear, like this is really difficult, right? And I just have so much empathy for people in the midst of this process, because again, it feels like you're winning the Super Bowl, you're getting everything that it is that you fought for, you worked for, you wanted, in the case of a positive exit, of course, not all exits work out the way we want. You might be getting pennies on the dollar for what you wanted, and that's this whole psychological journey. But to really understand this as a disruptive experience, and when we know something is hard, we can do a lot about it, but when we aren't encoding it like that, when we aren't recognizing it as a potential difficulty, then we are not prepared, and therefore quite vulnerable to some of the mental health consequences of that.

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Steve Divitkos 56:26

We talked a few times today about the importance of community, surrounding yourself with people who can either provide you with an objective view of what's happening to you and or people who are going through something similar that I think the average lay person probably wouldn't understand and can't be expected to understand. Where should people go for community in your experience, what tend to be the most effective places?

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Dr. Sherry Walling 56:49

Yeah, you referenced EO, which I think is a wonderful spot, especially in the exit process. If there's not someone in your forum that's exiting, there's generally someone in the larger EO community around you who has exited or has had that experience. And so being in touch with folks who are just a few, you know, they're just in the front seat of the canoe, they can see what's coming a little bit more. That's very helpful. So there are, you know, YPO, EO, Mastermind Talks, baby bath water. There's a lot of different entrepreneur organizations or organizations that serve entrepreneurs rather, and those tend to be great spots to connect with other exiting folks. I'm also a big advocate for therapy or for a coach, or for somebody who really is there for the mindset and psychological part of the story. And that's something that I would ideally love for all folks to have in place while they're in the midst of the exit process, so that they can begin to think about some of these questions. What's my identity? What comes next? How do I just manage the stress of this moment? And having someone who is dedicated to support you in that where there's not necessarily reciprocity, as there would be in a mastermind group or a forum, but they're just really there for you.

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Steve Divitkos 58:11

Yeah, two tools that I use personally, both when running the business and exiting the business, and I can say from firsthand experience, both hugely valuable and return on investment. I feel silly even using that phrase, but feels infinite and certainly not measured in dollars and cents. So very consistent with my experience. Sherry, really a treat to speak with you. I've been following your work for some time now, and think really highly of the work that you do and the types of topics that you think are worth exploring. So thank you for your time today. We appreciate it.

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Dr. Sherry Walling 58:44

Yeah, it's my pleasure. Thanks so much. Steve.