

Life During & After A Big Liquidity Event

There is an amazing amount of excitement and anticipation when you are in the middle of the largest injection of liquidity you may ever experience in your entire lifetime. There is also a lot of stress and fear that you have to deal with until contracts are signed and the wire hits your bank account. As my grandfather used to remind me, “it ain’t over until the fat lady sings.”

“It ain’t over till (or until) the fat lady sings” is a colloquialism which is often used as a proverb. It means that one should not presume to know the outcome of an event which is still in progress. More specifically, the phrase is used when a situation is (or appears to be) nearing its conclusion. It cautions against assuming that the current state of an event is irreversible and clearly determines how or when the event will end. — [Wikipedia](#)

I can’t speak for everyone but for me it was a rollercoaster ride filled with extreme highs and lows. I invested a lot of time, effort, and emotion into a selling process with no guarantee of success. I sold my business in two separate transactions that spread the liquidity event and its proceeds over four calendar years but a span of 28 months. It took about a year of courtship and diligence before contracts were executed and the first wire hit my bank account.

Looking back, I really have no idea how I got through the first transaction considering all I had going on in both my personal and professional life:

1. I started the business in 2019, six months after we had our first kid. You know the sleep deprivation that comes with an infant...I still don’t know how Mrs. GYFG handled it so well as she certainly took a majority of this burden on for the both of us.
2. The business was growing triple digits during the first three years and I was wearing many different hats as you would expect from an entrepreneur in a

young business – often putting in 80+ hours a week the first three years and that was before layering in the due diligence process of being acquired.

3. I was still a C-Suite executive at another firm during the first year of operations. I didn't officially give notice until three months into the new business and even then I gave six months notice, which ended up being eight months.

4. COVID-19 took us all by surprise. At first it looked like it would kill our little start-up but instead ended up being a huge boon for us. And another silver lining of all that was to cut my 6-10 days a month of travel to zero, which made less of a burden on the family.

5. We decided to buy Mrs. GYFG's childhood home out in wine country and turn it into our dream home about a week before the lockdowns went into effect in March of 2020. That began a three-year home renovation project, in which I played project manager since we were living at the new house and I worked from home (once we moved there in late December of 2021)

6. My mother-in-law was diagnosed with cancer in February of 2021 and passed away in April – only two months after the shocking diagnosis. This led to us helping my father-in-law navigate life without his soul mate of 47 years.

7. Mrs. GYFG had previously decided a few years earlier that she didn't want to take over the family business. But when her mom got sick she wanted to at least take that worry from her parents, so she did take it over to ultimately make sure her dad was well-taken care of.

8. Mrs. GYFG was pregnant with our second child during all this chaos and we welcomed our daughter in August of 2021.

Those are the big life things I had going on during the start and eventual sale of the business. Not to mention the fact that I ran my own sale process vs. working with a banker or broker. The good news is that I had a pretty accurate idea of what to expect since I had spent a decade in Finance and had gone through two sale processes with my previous employer.

What was life like after the first wire hit the bank account?

It was bliss. Total validation. I was on Cloud 9 and felt both accomplished and

financially secure. When you build a business there are several forms of compensation. First, there is a salary you pay yourself. Then there is the profit after all expenses are paid and this is or can be multiples of the salary you are paying yourself. The third and potentially most valuable piece is the value of the equity you build over time as you grow and scale your business. The problem is that you need a mechanism to gain liquidity to access that equity.

Although it would be another 28 months before I received the remaining proceeds, I was contractually covered with no earn-out that would jeopardize the payout. Actually, I originally sold 60% of the business with the proceeds split 70% at close and 30% on the one-year anniversary of the transaction. I secured a put option for the remaining 40% that I could exercise to sell on the five-year anniversary of the original transaction at a pre-defined formula. However, I knew the acquiring firm was being bought by private equity and my bet was we would have an opportunity to renegotiate for a earlier transaction, which in fact happened about 18 months after the first wire hit the bank account.

I felt a huge relief since I had significantly de-risked my net worth concentration and found a mechanism to monetize the equity and gain liquidity. I also no longer felt so much pressure to the team - it felt nice to know that it was now the responsibility of the acquiring company to make payroll every month. Almost immediately I dropped my weekly hours down to 40-50 hours a week and then in October of 2022 I reduced to a four-day work week of approximately only ~35 hours a week. I even took off the entire month of October 2023.

You could say I have spent the first 28 months post-close in a gradual decompression and digestion phase. I made up for lost time and have spent way more time with my family. Plus, I have made fitness a daily imperative for the last couple of years.

BUT...I've lost a fair amount of the passion and excitement I had for the business, which I knew would happen.

The 5-Year Itch

I have always viewed my professional life as a collection of projects. The anxiety starts to set in around year three and then the itch to do something new hits around year five. I tend to get bored and interested in pursuing something with new life and new challenges. This time I'm responding to it a little differently due to the stage of

life I currently find myself in. I've got an almost six-year-old son and an almost three-year-old daughter. My current role at the acquiring company provides me all the autonomy and flexibility I need. There is a great balance between life and work that I'm not interested in disrupting right now. I also rolled over about \$2.5M in value when I sold the remaining 40% of my company into the acquirer's stock, which is now worth \$4M and growing. I'm paid well.

For the first time in my life I am suppressing the itch and embracing a little boredom. I'm finding ways to challenge myself outside of my work, particularly with my fitness and with projects around the house. My kids are at the age where they not only want to but enjoy spending time with us. This is the life we designed and optimized for. This project is going to last a bit longer than others and that's okay.

Life after the exit is abundant, balanced, secure, and fulfilling.

We have acquired the trifecta of Time, Location, and Financial Freedom! We have ultimate optionality, which is what being wealthy really affords you if you use wealth properly. We continue to live well and give well. As I write this I am filled with gratitude and joy. We bought our dream home and have transformed it into the resort we never have to check out of. We've managed to do that without trapping ourselves with debt or large annual fixed expense obligations that would easily keep us on the hamster wheel of the rat race - no rodents here!

Life is far better than I could have ever imagined. It's like waking up from a dream only to feel like I'm still dreaming as I live this amazing life I not only architected but manifested through hard work, perseverance, and pure ambition. I'm amazed sometimes, and grateful at all times.

- Gen Y Finance Guy



Gen Y Finance Guy

Hey, I'm Dom - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)