

Are You “Playing to Win” or “Playing Not To Lose?”

In any competitive endeavor there are two prevailing mindsets – there are those who are playing to win the ‘game’ and there are those who are playing not to lose. Business owners are playing the game of business. Each player in this game has quite a bit at stake because statistics reveal that the majority of most business owner’s wealth is tied to their illiquid businesses. Moreover these business owners are heavily reliant upon the income from their businesses for their lifestyle and livelihood. With so much at stake, owners need to ask themselves whether they are playing this game of business to win or not to lose – the answer can have a major impact on how successful you will be with a transition or exit from your business.

What Does Playing to Win Mean?

Owners who play to win are those who are looking at the opportunities within their business in a pro-active, strategic manner and are further looking to align the resources available to them against these plans. These owners look out ‘over the horizon’ and see opportunity and understand that they need to take risks to capture these opportunities. They survey the structure of their organization and see that there are opportunities for continual improvement to the efficiencies. They seek out partners and investors who believe in what they are doing and convince them to further invest in their business. In short these owners are ‘playing to win’ the game of business.

Playing Not to Lose

Far too many business owners today are playing not to lose; and they see the world quite differently. For the most part, these baby boomer owners are more interested in protecting what they already have than risking what is needed to get the company to the next level. They look at the speed at which business moves in today’s global economy and are bewildered instead of inspired to participate. Moreover, these owners are consciously and subconsciously hoarding capital as they prioritize their personal retirement plans over the needs of the company’s growth plans.

Just as every athlete knows, if you spend too much time in ‘the game’ playing not to lose, instead of playing to win, you will eventually be outthrustled by the competition.

Your Mindset and Your Exit

These competing mindsets have a large impact on the effectiveness of your future business exit. If you consider that someone other than you will be running your business in the future, what type of future owner will you attract with each of these mindsets?

Putting it simply, it is very difficult to transition a business that is not growing and primarily exists to serve as the lifestyle generator for the owner. The majority of investors in today’s marketplace recognize that a company that continues to perform well is worth investing in. By contrast, one that has flat or declining revenues and

profitability is likely heading towards being on the losing end of a battle for customers and market-share.

Treat Your Business Like an Investment or Think About Getting Out of the Game

The first advice to owners who are playing not to lose is to either treat your business like the investment that it is or seriously consider taking yourself out of the game. You can only last so long with a foot half way in the door. This is particularly true if you are considering how your company will run without you someday.

Instead of treating your business like a job that provides you with a very nice lifestyle, you can choose to look at the business as an investment. Taking on this perspective empowers you to be strategic about your company and to focus on ‘winning’ the game instead of just hanging on. Looking at your business as an investment will also help you to hold it to the same standards and expectations of your other investments – they need to appreciate or be replaced.

Consider Your Future Owner as You Continue ‘Playing to Win’

Always remember that your future owner has choices that you may not have – they have not invested as much time, effort, energy and resources into the business as you have. Therefore, they have choices as to where they will commit their future. Loosely translated, this means that investment dollars – i.e, those that could be deployed into your business at some point in the future – may simply take a pass if the willingness to win does not appear to be present.

Playing to win is a mindset that sets the stage for you to explain to the next owner of your business as to why they should pay you the value that you want. By contrast, if you are making the case that someone should simply

buy your business so that they can have the same lifestyle as you, then you are seriously limiting the pool of potential owners, including those that could see the most value if there was a growth story in place.

And, always remember that it is your job to illustrate the potential of your business’ future to your new owner. Too many exiting owners mistake that burden to belong to their future owner. This is a mistake that can cost one deeply.

Concluding Thoughts

When you ‘play to win’, you build a new mindset into your company and can expect that a future owner will see and respect that. Moreover, the next owner will be in a position to pay you for the future potential of your business, as you’ve outlined it for them. For all of these reasons, it is recommended that you find the necessary sources of inspiration and reignite the spark of interest to ‘win’ in business and not simply play not to lose as you, and your company, drift into retirement.

[Cathey Paine is a registered representative of Lincoln Financial Advisors Corp.](#)

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