UNITED KINGDOM
Entrepreneur

Too Many Entrepreneurs Have A Poor Personal Financial Strategy

BY MATT ABOUZEID

Every start-up founder knows that the early years of building a business are defined by financial uncertainty. Cash flow fluctuates wildly, profits are unpredictable, and survival depends as much on grit as on capital. One year revenue doubles; the next, it halves. You run lean, hoard every bit of cash, and pour every ounce of energy into keeping the company alive. Your business becomes your baby and every spare penny is reinvested to fuel its growth.

Those first years are a test of endurance and belief. Founders invest not only their money but also their time, creativity, and identity. Their business isn't just a source of income; it's an expression of who they are, their art, their purpose, their life's work. Yet, that deep emotional connection often leads to a dangerous blind spot: personal financial neglect. When you're "all in" on your business, it's easy to ignore the need to build wealth outside of it.

You convince yourself that every available resource should go back into growth. That mindset makes perfect sense during the fragile, high-risk startup phase. But as the business matures and begins to generate real profits, this scarcity-driven mentality should evolve. Unfortunately, many entrepreneurs never make that shift and it leaves them financially vulnerable when it matters most.

The Trap of the "All-In" Mindset

After years of uncertainty, many founders finally reach stability: steady profits, loyal customers, and a team that can operate without constant firefighting. Yet, despite their success, they remain overly cautious, shaped by the memory of those early financial struggles. They continue to reinvest every penny into the company and neglect their personal balance sheet.

Even when founders do invest outside their business, the pattern often repeats: they build portfolios that mirror their company's risk profile. They buy what they know, often concentrating their wealth in a handful of high-risk, high-correlation assets. In doing so, they unknowingly compound their financial exposure. Their business is already a "one-stock portfolio." Building another concentrated portfolio only amplifies their risk, not reduces it. Entrepreneurs are typically comfortable taking business risks but often overlook the fundamentals of long-term personal wealth: diversification, discipline, and time in the market. Without these principles, even successful founders can end up with volatile, inefficient portfolios that fail to align with their long- term goals.

When the Whole Family Is "All In"

This lack of diversification rarely affects the founder alone. Often, the entire family becomes financially and emotionally tethered to the business. The founder's spouse may be on the payroll, or they may have sacrificed their own career to support the venture. When 100% of a family's income, net worth, and security depend on a single profit and loss statement, they haven't built resilience; they've built fragility. It's like walking a tightrope without a safety net. One unexpected downturn, market shift, or failed acquisition can threaten not just the business, but the family's entire financial future. Without a diversified foundation, there's no plan B.

Your Business Is Not Your Pension

Many entrepreneurs reassure themselves that their business is their pension - that one day, they'll sell it and cash in the rewards of years of sacrifice. But that assumption rests on a single, unpredictable outcome: a successful exit. In reality, lots of founders don't sell their business for what they expect. Negotiations are emotionally charged, market timing is unpredictable, and even the strongest companies can face headwinds.

I've spoken to countless founders who admitted that their eventual sale price was lower than they'd hoped, yet they couldn't walk away - they needed the proceeds to fund their retirement. Others had to sell under less-than-ideal market conditions because they lacked the financial cushion to wait. And for some, the problem is more personal. They discover too late that they are the business. I see this most often with creative founders, whose flair for ideas and originality are fundamental to what the business offers, and what their customers want. There are also founders who face a painful values conflict at exit. They may receive a great offer, but that selling would mean their business being transformed beyond recognition, perhaps through layoffs, cultural change, or strategic redirection. Yet, because they need the money to retire, they feel they have no choice but to sell.

A founder who has built a healthy, diversified portfolio outside their business has options. They can afford to walk away from a bad deal or hold firm on valuation. A founder without that safety net cannot and sophisticated buyers know it. When all your wealth is tied up in one negotiation, you lose your greatest advantage: the power to say no.

What's Your "Number"?

Compounding this vulnerability is another common blind spot: not knowing your "number." This is the amount of capital you truly need to live the life you've worked so hard for - your version of financial freedom. Many founders underestimate how taxes, transaction costs, and lifestyle inflation will erode their proceeds. Not knowing your number means your future is shaped by guesswork rather than intention.

A clear understanding of your financial goals allows you to negotiate from a position of strength. It helps you plan your life after the exit, not just financially, but emotionally. Knowing your number transforms the sale from a desperate need into a strategic choice.

How To Plan for the Future

The solution is not complicated, but it requires founders to make a deliberate mental and strategic shift. The earlier you begin managing your personal finances with structure and purpose, the more resilient your long-term position becomes. Diversification is not optional; it's essential. By gradually building wealth outside the company, you convert entrepreneurial success into lasting personal security. Even modest, consistent investments over time can create a seven-figure safety net that protects you regardless of how your business journey ends. Working with a qualified financial planner can accelerate this transformation.

A good adviser is not a cost - they are a co-founder in your financial freedom. They help you maximise your savings rate through detailed cash flow analysis and realistic budgeting, demonstrating how small, disciplined habits can compound into significant wealth over time. They ensure your money works for you consistently by helping you invest systematically and stay in the market rather than trying to time it. They also focus on building resilience through diversified, low-cost portfolios that reduce volatility and limit exposure to any single risk - including your own business. Alongside disciplined investing and diversification, reducing tax drag is a quiet superpower of long-term wealth building - helping your investments compound more efficiently and preserving more of your hard-earned gains.

Your business demands your full effort. Your future demands a diversified strategy. By engaging early, planning deliberately, and investing beyond your company, you ensure that when the time comes to step back, you can do so confidently - with options, independence, and peace of mind.

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Matt Abouzeid is co-founder and Managing Director of &together, offering financial planning for entrepreneurs who want clarity not complexity. &together exists to help founders achieve the best possible financial outcomes, with the right plan and partnership to give you the confidence to grow – and the freedom to exit on your terms.

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