FREEDOM SYSTEMS

FIELD GUIDE

The Four Owner Positions

A GUIDE FOR BUSINESS OWNERS WHO WANT TO KNOW WHAT THEY'RE BUILDING TOWARD

Most extraction programs focus on getting founders out of the weeds. Nobody asks what comes next. This guide names the four positions available after you step back, the failure mode for each, and a 12-question diagnostic to identify which one you are actually building toward.

Important: These positions are not a hierarchy. The Portfolio Owner is not more successful than the Lifestyle Owner. The only question worth asking is which one is honest for you.

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PREFACE

A Note Before We Start

This is not a book about getting out of the weeds.

There are already excellent books on that. Michael Gerber told you to work on the business, not in it. John Warrillow showed you how to build something a buyer would actually want. Dan Martell gave you a system for buying back your time. If you need help with the operational extraction work, those books will serve you well.

This book picks up where they leave off.

It starts with the question none of them ask: once you have the time back, what are you building toward?

That question is not a sidebar to the operational work. It is the prerequisite for the operational work holding. Founders who cannot answer it clearly do not fail at extraction because their systems were bad. They fail because in the absence of a defined destination, the business remains the only place their identity has somewhere to go. And an identity without a home does not go quietly. It finds its way back.

I have spent twenty years watching this happen. The goal of this guide is to give you the vocabulary, the diagnostic, and the practical map to make sure it does not happen to you.

INTRODUCTION

The Extraction Myth

Every business consultant talks about extraction.

Getting the owner out of the weeds. Building systems that run without them. Creating freedom. The language is everywhere: scalable operations, passive income, the business that works while you sleep. The promise is seductive, and for good reason. Most founders I have met are exhausted. They built something real and found themselves trapped inside it.

The operational extraction playbook is legitimate. Systems work. Documented processes work. A well-built accountability structure works. The founders who invest seriously in the operational side of their businesses do get their time back, at least partially. Some get it back entirely.

What I kept seeing was what came next.

Founders who successfully extracted themselves from the day-to-day and then quietly came apart. Not dramatically. Not in ways anyone around them named easily. The phone started ringing again about things the team should have been handling. The systems that had been working started degrading for reasons nobody could identify.

> *"They had defined what they were escaping. They had never defined what they were building toward."*

I watched this happen often enough that I stopped treating it as a personal failure and started treating it as a structural one. These were not weak founders. These were serious people who had done the work, built the systems, and then been blindsided by a problem nobody had warned them about.

That definition is what this guide is about.

PART ONE

The Problem Nobody Names

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The Successful Founder Who Is Quietly Falling Apart

There is a particular kind of founder story that does not make it into the business books.

The founder who built something real over fifteen or twenty years. Who worked harder than everyone around them for longer than anyone should have to. Who finally invested in the right systems. Who watched the accountability structure take hold, the leadership team step up, the phone stop ringing on weekends.

And then, within a year or two, watched it all start to unravel.

Not because the systems were poorly designed. Not because the team was weak. Because the founder, without quite understanding why, kept finding reasons to get back in. Each individual reason was legitimate. Taken together, they were a pattern.

The research on this is not ambiguous. Studies of executives who retire from high-responsibility roles, founders who exit through acquisition, and athletes who retire from professional sport all show the same trajectory: a period of initial relief, followed by a drop in wellbeing, followed by a restlessness that most people do not recognize for what it is until it has already caused damage.

> **For most founders, the business is not just where they work. It is who they are.** And strip that away without replacing it with something equally real, and the psychological fallout is not a sign of weakness. It is a predictable human response to identity disruption.

The Identity Container

For a founder who has built something over fifteen or twenty years, the business is the place where their drive, competence, judgment, and sense of contribution find daily expression.

When extraction begins, something interesting happens beneath the surface. Operationally, things are improving. But underneath that improvement, the identity container is slowly being emptied. The sense of being essential is fading.

Change Management researchers have documented this dynamic across industries. William Bridges described the distinction between a *change* (the external event) and a *transition* (the internal process). The change is operational extraction. The transition is the psychological work of releasing an old identity and building a new one. Most operational change programs address the change. They do not address the transition.

The founders who complete the extraction and stay out are the ones who do both. They build the systems. And they build the destination.

The One Question That Changes Everything

Before I scope any engagement, before I recommend a single deliverable, before I have any conversation about systems or accountability or metrics, I ask one question.

> *"What does your life look like after we are done? Not the business. The life."*

Most founders have never seriously thought about it. They know what they want to escape. They have not defined the solution in terms of their actual life.

I am not asking this question to be philosophical. I am asking it because the answer determines everything about how the engagement gets designed.

An owner who is building toward a full exit in three to four years needs a completely different operating system than one who wants to step back and lead the business as an Active CEO. The financial hygiene requirements are different. The customer concentration risk management is different. The leadership bench depth requirements are different.

Founders who have a clear picture of their destination tolerate the discomfort of extraction because they can see what they are moving toward. When the resistance comes, and resistance always comes, there is somewhere to go.

Founders who cannot answer the question have no anchor when it gets hard. They experience the loss of the extraction process without a counterweight. The cost is real and the benefit is abstract. That is not a formula for staying the course.

Name the position before you start. The rest of this guide is about how to do that.

PART TWO

The Four Positions

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THE MAP

The Four Positions

There is no single right answer to the question of what comes after extraction.

But there are four distinct positions a founder can occupy, and each one is a real, livable destination with specific day-to-day requirements and specific failure modes if the founder is not honest about which one they actually want.

POSITION 1

The Active CEO

Stays in the business. Changes the nature of the work.

POSITION 2

The Lifestyle Owner

Steps back. The business becomes the engine, not the mission.

POSITION 3

The Exiting Owner

Building toward a transaction. Every decision filtered through transferability.

POSITION 4

The Portfolio Owner

Uses the first business as proof of concept and capital engine.

POSITION 1

The Active CEO

The Active CEO stays in the business but has fundamentally changed what showing up means. They do not show up for the work. They show up for the direction.

When this position is working, the calendar is built around a small number of high-leverage activities: setting and reinforcing strategic direction, investing in the development of the two or three leaders who run the business day to day, reviewing key indicators at a systems level, making capital allocation decisions, and representing the business externally.

The calendar has deliberate white space. Not because the founder is lazy. Because a completely full calendar is not a sign of a productive leader. It is a sign of a constrained one.

The diagnostic for whether this transition is genuinely complete: **as the founder's direct contribution decreases, the team's collective output should increase.** If the business stalls when the founder pulls back, the transition is not done yet.

PRIMARY FAILURE MODE

The founder who says they want to be a strategic leader and secretly enjoys being the one who saves the day. There is always something. Each individual instance is defensible. Taken together, they reveal that the founder's identity is still fused with being essential.

WHAT THIS POSITION ACTUALLY REQUIRES

A documented operating system with clear ownership at every level. A leadership team genuinely capable of making decisions without escalating. A written definition of the CEO role the team can use to flag when the founder is grasping for work that is no longer theirs.

POSITION 2

The Lifestyle Owner

The Lifestyle Owner has made peace with a different kind of relationship to the business. The business is the engine, not the mission.

It generates income and runs reliably without daily involvement. A weekly dashboard review. A monthly check-in with the leadership team. A small number of strategic decisions per month that genuinely require the owner's judgment. Everything else is handled.

This is the most romanticized position and, in my experience, the hardest to actually execute.

FAILURE MODE 1: THE HOVERING OWNER

Technically extracted. Emotionally still in it. They check the numbers more than once a day. They message the operations team at off hours with questions that are really just involvement wearing a costume. The extraction is nominal. The dependency is intact.

FAILURE MODE 2: THE DETACHED OWNER

The owner who genuinely checked out and has absolutely no idea what to do with themselves. Without structure, contribution, and a meaningful reason to engage with their days, restlessness takes hold. Health suffers. Relationships get complicated.

WHAT THIS POSITION ACTUALLY REQUIRES

The most independent leadership team of the four positions. A clear decision framework that allows the team to handle routine choices without escalating. And most critically, a genuine answer to the question of what the owner does with the life they are creating.

POSITION 3

The Exiting Owner

The Exiting Owner has made the decision to sell, transfer, or recapitalize the business, and every operational decision from that point forward is filtered through one question: does this increase or decrease the transferability of this business?

What the day-to-day looks like: financial hygiene maintained with no personal expenses embedded in business financials. Systems documented with responsibilities defined by role, not person. Customer diversification so no single account represents more than 20 percent of revenue.

The timeline is longer than most founders expect. Two to four years of serious preparation is realistic for a business not already positioned for a premium exit.

> **The operating system that makes a business well-run and the operating system that makes it sellable are identical.** You are not doing two projects. You are doing one project for two reasons.

There is a useful three-question test for whether a business is actually sellable, not just saleable at a discount. Is the core offering teachable: can it be delivered by a trained employee rather than the owner's specific expertise? Is it valuable: does it command a premium rather than compete on cost? Is it repeatable: do customers have to come back, or is every transaction a one-time event? A business that fails any of those three will find buyers. It will not find buyers at a premium. The documentation, systems, and accountability work of the Exiting Owner position addresses all three at once.

PRIMARY FAILURE MODE

Confusing a strong revenue story with a sellable business. Sophisticated acquirers are not buying momentum. They are buying risk. A business where the founder is a critical dependency, systems are undocumented, and one client represents 40 percent of revenue will not command a premium multiple.

SECONDARY FAILURE MODE (OVERLOOKED)

The founder who closes the deal, receives the proceeds, and discovers they have no idea who they are without the business. Financial security does not fill an identity gap. The identity and purpose work must happen alongside the transaction preparation, not after.

POSITION 4

The Portfolio Owner

The Portfolio Owner uses the first business as proof of concept and as the capital engine, then acquires, builds, or invests in additional businesses. Their day-to-day is no longer about any single company.

The core skill set has shifted from building and running to evaluating and allocating. This is the furthest departure from the original founder identity, and that departure is real.

FAILURE MODE 1: PREMATURE EXPANSION

Attempting this position before the first business is genuinely extracted. A founder who is still operationally central to their first business cannot add new complexity without multiplying the dependency problem. The result is not a portfolio. It is three versions of the same bottleneck.

The prerequisite for the Portfolio Owner position is **demonstrable evidence** that the first business runs without the founder. Not documented systems. Not a management team on paper. Actual evidence.

WHAT THIS POSITION ACTUALLY REQUIRES

More patience and more honest self-assessment than most founders are initially prepared to give it. The honest version of this position is one of the most interesting destinations available to a founder who has genuinely completed the extraction work.

FAILURE MODE 2: SKILL TRANSFER ASSUMPTION

The founder who was excellent at building one business assumes they will be equally good at managing operators who run other businesses. Evaluating a manager's performance, structuring a deal, knowing when to intervene: these capabilities require development, not just ambition.

PART THREE

The Navigation Tool

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PART THREE

The Purpose Conversation

There is a concept from Japanese culture for the idea of waking up each morning with a reason to get out of bed. *Ikigai*. In its original form, it is a daily and humble thing, not a framework for optimization, but a description of how a life that works actually feels from the inside.

A founder who has built a business for twenty years has had ikigai built into their days by the structure of the business itself. When extraction is complete, the business no longer delivers this automatically.

The purpose conversation is the work of understanding what specifically the business was providing and how to replace it intentionally in whatever comes next. I use a three-layer structure.

1. **Personal**

   What do you want for yourself? What does a day look like when it is actually good? What have you been putting off for twenty years?

2. **Relational**

   What do you want for the people closest to you? What does it feel like to be in a relationship with you when you are no longer running toward a business problem all the time?

3. **Contributional**

   What do you want to give to the world beyond your immediate circle? Mentorship, teaching, a project that would not have been possible while the business was consuming your attention.

> *"The question is not 'what role do I take after I step back?' The question is 'who am I when I am not running the business, and what does that person's life actually look like?'"*

The Honest Position Diagnostic

Most founders say they want one thing and are actually building toward another. Not because they are dishonest. Because they have not examined the gap between what they say and what their operational choices reveal.

A founder who says they want to be a Lifestyle Owner but cannot release routine decisions to their operations manager is not building toward Lifestyle Owner. The diagnostic in Appendix A is designed to surface that gap. It is not a personality test. It is a reflection of your current operational choices and behaviors.

NEXT STEPS

What to Do With Your Position

Once you have identified your honest position, the next step is practical. For each position, there is specific operational work that needs to happen. Some of that work is the same regardless of which position you are building toward: a documented operating system, a leadership structure with clear accountability, a metrics layer that lets the business communicate its own health.

ACTIVE CEO	A documented CEO role and a leadership team that can run the business without escalation.
LIFESTYLE OWNER	That plus the personal work of designing what the business-free time actually fills.
EXITING OWNER	All of it filtered through transferability, with financial hygiene and customer diversification as non-negotiables.
PORTFOLIO OWNER	Meet the standard of demonstrable extraction before adding any new complexity.

If you have done the diagnostic and identified your position, you have the most important piece of information needed to scope the work honestly. The operational steps are knowable. The timeline is estimable. The requirements are clear.

APPENDIX A

The Position Diagnostic

Intro · Part 1 · Part 2 · Part 3 · Appendix

INSTRUCTIONS

Answer each question based on what you actually do and what you actually have, not what you intend to do or plan to build. Do not adjust earlier answers based on where you think the questions are heading.

QUESTION 1

If you were unavailable for the next two weeks (no phone, no email), what would actually happen to your business?

- **A** The business would run without meaningful disruption.
- **B** The business would handle most things but a few decisions would get stuck.
- **C** The business would be stressed. Key decisions would not get made.
- **D** The business would have a real problem within a few days.

QUESTION 2

When your phone rings with a work issue on a weekend, what do you do?

- **A** I have set clear expectations that I am not available on weekends and the team respects this.
- **B** I usually answer because the issues that come up on weekends genuinely need me.
- **C** I answer because I find it hard not to, even though the team could probably handle it.
- **D** My phone rings on weekends because that is when I am most available.

QUESTION 3

Your best general manager makes a decision you would have made differently. What happens?

- **A** I trust the decision was made with the information they had and I do not override it.
- **B** I discuss it with them afterward as a coaching moment.
- **C** I probably would have been in the loop before the decision was made.
- **D** My team does not have a general manager who makes decisions independently.

QUESTION 4

What does your financial picture look like if you sold the business today?

- **A** I have worked with advisors on valuation and have a clear picture of what drives the number.
- **B** I have a general sense of value but have not done formal valuation work.
- **C** I assume it would sell for something reasonable but have not thought about it seriously.
- **D** Selling is not on my radar.

QUESTION 5

If you could not work in the business for the next six months, what would you do with your time?

- **A** I have a clear picture. The activities and relationships are specific, not vague.
- **B** I have some ideas but have not thought about it in concrete terms.
- **C** I would probably find ways to stay involved even if I was not supposed to be.
- **D** Honestly, I do not know. The question makes me uncomfortable.

QUESTION 6

How concentrated is your customer base?

- **A** No single customer represents more than 15 to 20 percent of revenue.
- **B** One customer is 25 to 35 percent of revenue but I am actively working to diversify.
- **C** One customer is 35 percent or more but the relationship feels manageable.
- **D** One customer is 40 percent or more of revenue.

QUESTION 7

When you imagine being done with this business in five years, what does "done" mean to you?

- **A** Sold or transferred, with proceeds and time to do something else.
- **B** Still owning it but not involved in day-to-day decisions.
- **C** Owning multiple businesses and leading at the portfolio level.
- **D** Leading this business as a true CEO rather than an operator.

QUESTION 8

When was the last time you took a genuine two-week vacation without checking in on the business?

- **A** Within the last year.
- **B** Within the last three years.
- **C** More than three years ago.
- **D** I have never been able to do this.

QUESTION 9

Does your leadership team present decisions they have already made, or decisions that need your input?

- **A** Mostly decisions they have already made. They update me on outcomes.
- **B** A mix. Some decisions are theirs, some still come to me.
- **C** Most meaningful decisions still come to me for input or approval.
- **D** I am still the primary decision-maker in most areas of the business.

QUESTION 10

Beyond income, what is the business for? What is it enabling in your life outside of work?

- **A** I have a clear, specific answer that I have thought through in real terms.
- **B** I have a general sense that it gives me security and options.
- **C** Honestly, the business has been the main thing for so long I have not thought about it clearly.
- **D** The business is the main thing. The question feels premature.

QUESTION 11

If you acquired a second business tomorrow, could your current business run without you for the attention that would require?

- **A** Yes. The management team is in place and the systems support independent operation.
- **B** Probably, but it would require me to be more absent than I am comfortable with right now.
- **C** No. My current business still needs too much of my direct attention.
- **D** I have not thought about acquiring other businesses.

QUESTION 12

The most honest version of what you want your life to look like in five years is:

- **A** More strategic involvement in this business, less operational. I still want to be connected to what I built.
- **B** The business running reliably while I spend my primary time on things outside of it.
- **C** A transaction closed, financial security established, and a genuinely new chapter started.
- **D** Capital and talent deployed across multiple businesses. This is one of several.

Reading Your Results

There is no scoring formula here. Read through your answers and look for the pattern. Where did you answer honestly versus where did you answer aspirationally? The gaps between those two responses are where the work is.

> **If questions 1, 2, 3, 8, and 9 are mostly C or D:** The operational extraction work is earlier-stage than your stated position assumes. Start with the foundational work: the operating system, the accountability structure, the leadership team.

> **If questions 5, 10, and 12 are mostly B, C, or D:** The personal destination work is incomplete. You know what you are escaping. You have not defined what you are building toward. That is the gap to close before the extraction work will hold.

> **If question 7 and question 12 align:** You have a consistent view of your destination. The question is whether your current operational choices match the requirements of that destination.

That gap is not a problem. It is a plan.

Let's talk through what the path actually requires.

Book a 30-minute call. No pitch. Just a straight conversation about where you are and what the work looks like.

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SCAN TO BOOK A CALL

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