

Announcer (4s):

Welcome To the Maximize Business Value Podcast. This podcast is brought to you by Mastery Partners, where our mission is to equip business owners to maximize business value so they can transition their business on their terms. Our missions born from the lessons we've learned from over 100 business transactions, which fuels our desire to share our experiences and wisdom so you can succeed. Now, here's your host CEO of Mastery Partners, Tom Bronson.

Tom Bronson (36s):

Hi, this is Tom Bronson and welcome to Maximize Business Value, a podcast for business owners who are passionate about building long-term sustainable value in your business. This episode is part of our series on books written by certified exit Planning advisors or CPAs, as we call them. I obtained my CPA certification in 2019. Earlier this year I was invited to participate along with some other CPA authors in the Author Showcase at the exit planning conference in Scottsdale, Scottsdale, Phoenix area, where I picked up a few great books.

Tom Bronson (1m 17s):

We're gonna talk about one of those today, and many of those books, of course, we're gonna highlight on this series. In this episode, I'd like to welcome our guest, John f Dini, President of M P N A, Business Transition and Exit planning resource for business owners and their advisors in South Texas. He's also the founder of the Exit Map and of course, author of your exit map, Navigating the Boomer Bust. I met John through the Exit planning Institute and I've admired his work for some time. So this will be a fun podcast. Welcome to Maximize Business Value, John.

John F. Dini (1m 59s):

Thanks for having me, Tom. It's really great to be here.

Tom Bronson (2m 2s):

So tell us a little bit about your background and why you became a certified exit planning advisor.

John F. Dini (2m 10s):

Well, I'm a a business coach by profession. I've owned several companies. I had a distribution company, I had a manufacturing company. I ran a string of healthcare clinics, and then I became a business broker. And as a business broker I was getting calls on a regular basis from business owners and you'd go to see them and they'd say, I'm ready to sell my business. And you'd look at it, and I'm sure you've seen this, and they were like, really not ready to sell their business, you know, And I started fooling around with some tools which way down the road grew into the exit map, but it just tools to help owners assess their businesses and understand how ready they were.

John F. Dini (2m 55s):

And I, I kind of stumbled into exit planning. I was brokering, I was selling companies and selling mostly Main

Street businesses and found out that there were a couple of organizations in the country that specialized in this and began following them. I got my CPA in 18, I got my first certification in exit planning back in 11. And,

Tom Bronson (3m 21s):

And that's the C

John F. Dini (3m 23s):

The C xp

Tom Bronson (3m 26s):

Got it.

John F. Dini (3m 26s):

And eventually gave up the brokerage and just started fulltime helping, helping owners prepare for their transition. It's just, brokerage is an adversarial game. If you typically got an owner that's never sold a business and a buyer who's never bought a business and both their attorneys, you know, and it's really not my personality profile to be dealing in adversarial situations. Exit planning is so much better. About two thirds of my work is helping owners sell to employees or family.

Tom Bronson (4m 6s):

Wow. So yeah, there's all kinds of exits. I I wanna unpack that a little bit. As a broker, it's interesting that, that you would recognize, of course, when a business is not ready to sell. And I think that that's one of the things that sort of plagues the industry. There are too many brokers out there that will take businesses and offer them up for sale when they're nowhere near ready for sale, which I think contributes to that the stat that that makes my blood boil. And that is 17%, only 17% of of attempted transactions actually reach the finish line.

Tom Bronson (4m 51s):

And, and so I applaud you for recognizing even in your old brokerage days, that businesses sometimes are not ready to for sale. And focus your effort and attention on that. Of course, that's what we do here at Mastery Partners as well. And as some of the folks that are, that will be on this particular series, you could certainly consider us competitive, but there are so many businesses out there that need help from exit strategists and exit coaches like you and me. And so, so I'm, I mean, what's your reaction to that?

Tom Bronson (5m 34s):

Do you, do you my, I I think that there sometimes too many business brokers that'll take deals that they know are not gonna sell. Right. It's,

John F. Dini (5m 44s):

It's, it's interesting that you say that cuz it was fascinating to me being involved in the industry and going to their conferences and getting those certifications. There are two distinct schools of thought in the brokerage business, and they split pretty much 50 50 down the middle. Half of the brokers realize it's an inventory driven business. The quality of your inventory is directly related to how much money you're going to make from closing transactions. And they are very careful to take companies that are appealing and have their numbers in order and processes and everything.

John F. Dini (6m 25s):

The other half of the industry is very vocal about you take anything that walks in the door and throw it against the wall. Some of it will stick. And, and, and they both have, both sides have big followings in the industry. The problem is the ones that recognize that businesses aren't ready because it's a contingent fee business, have no motivation to help them get ready. They typically say, No, I'm sorry, I don't wanna list you. And they wind up with the guy that sticks it all on the wall.

Tom Bronson (6m 60s):

Well, and many times go through one or two failed attempts. Right. Until they realize there's some work I need to do on my business to get it ready to sell.

John F. Dini (7m 11s):

It's, it's the, and the issue with that, with the throw it against the wall crowd is they typically don't argue the price. So the owner puts an unrealistic price on it. Well, the first thing that happens is they burn through all their qualified buyers, cuz the buyers look at and go, It's not worth that much. And they walk away. And that school of thought is, well, eventually the owner will come around to reality and realize that he's far overpriced. And eventually, after going through the pain of having lots of people walk away, he'll bring it down to a level we can sell it at. But that's, I I can't do business that way.

Tom Bronson (7m 50s):

No, no, no. In fact, that's, and we do some sell side representation, of course, as a, as a broker, we're not an investment, we're not a registered investment banker. But, but we won't accept clients in our brokerage house that have not gone through our process to make sure that the business is ready for sale if they're just looking to slap a price, you know, put a for sale sign in the front yard and, and set their own price. And that's, that's for somebody else that you don't find that kind of work in our place. And so, so I, I just, I feel like that that is one of the things that has been just a giant disservice in the industry.

Tom Bronson (8m 31s):

And I was not aware that there were those two distinct schools of thought. See, this is how I learned things, talking with somebody who was the, at the, at the feet of the master, so to speak.

John F. Dini (8m 41s):

Here. I i I, I cringe at the guys that like to get up there and tell the stories of the same business that they've sold five times in three years.

Tom Bronson (8m 49s):

Yeah. Oh, oh man. Yes. Sad. Isn't it sad? It

John F. Dini (8m 54s):

Is. It is.

Tom Bronson (8m 55s):

Sad but true. So, so let's talk about your book. This is your third book about business ownership. You published 11 things you absolutely need to know about Selling Your Business in 2010 and Hunting, Hunting in a Farmer's World, celebrating the Mind of an Entrepreneur in 2013. Now both are worth exploring on a future podcast. We might be looking for opportunities to do that. But your exit map came out in 2017. What made you write this book?

John F. Dini (9m 31s):

Actually, I have a, a friend and mentor who is a very, very active angel investor. I respect him a lot. He probably has an all in high tech stuff. He's, he's probably got personal stakes in 60 or 70 companies. And you, I would have lunch with him or a cup of coffee and talk to him about the tools that we were putting out that this advisor subscribe to, to help owners walk through the process of, of understanding what they need to do to be ready. And I said, What would you suggest that I do? And he looked at me, you know, kind of sarcastically and said, Well, you write books, why don't you have a book about this?

John F. Dini (10m 19s):

And I said, That's probably a pretty good point. So, so that's really what drove it. You know, the first one, the 11 things about You, you absolutely need to know about Selling Your Business is a small book. And it was really just a step by step. This is what you do when you list a business with a business broker. And I was still a broker back then. Okay. The second one, Hunting at a Farmer's World was really my labor of love. I mean, I did eight full rewrites on that book. It's, it's about how entrepreneurs think and why they're different from everyone else. And it, it touches it, you know, further on in the book, it touches a little bit on exiting, but that's not what it's about.

John F. Dini (11m 1s):

So when I set out to write your exit map, I didn't want it to be a how-to like my first book. And I didn't want it to be an in-depth analytical look at all the ways you can get out of a company. There, there are other books out there that do that and do it very well and are very detailed and quite frankly are very dry. And I can't imagine 95% of the ADD entrepreneurs I wrote about in hunting to be reading these books. And so I said, I wanna write something that they will read. I wanna re write something that they will enjoy, that they'll pick up.

John F. Dini (11m 42s):

And they'll go from page to page and say, This is fun. Oh, I see myself in this book. I see what now. I understand. You know, But in order to do that, it had to be, like I said, fun to read.

Tom Bronson (11m 57s):

And it is a fun read. I I enjoy reading it myself now. How many, how many You did, what did you say? Eight rewrites on the second book? Yeah. Did you, did you have to do any rewrites on this book?

John F. Dini (12m 10s):

I did three three. You know, the old saying in, in, you know, the author world as you know, is there's no good writing. There's only good rewriting. So,

Tom Bronson (12m 21s):

Yes. Yeah. Well I have found that in my book, Maximize Business Value that do not be cheap when you hire your editor. Right, Right. I mean, she made my book better and I actually, my editor a great, great editor here in Dallas, retired late last year, but my second book is coming out later this summer. And, and I, I coaxed her out of retirement just to edit my book, which is awesome.

John F. Dini (12m 56s):

The funny, the funny thing is I hired an editor, I fired him.

Tom Bronson (13m 3s):

Oh,

John F. Dini (13m 3s):

I thought he was abysmal. And the person who wound up editing my second and my third book was my lead programmer that writes my software.

Tom Bronson (13m 16s):

No kidding.

John F. Dini (13m 17s):

She and she is just terrific and, you know, we think a lot alike and she understands what I'm trying to do. So, and she'll be doing my fourth book too.

Tom Bronson (13m 28s):

That's awesome. That's awesome. You know, I noticed it's a fun book to read. It's a page turner really is, by the way. It's heavy. It's, it is. I mean, how many page, this is 220 pages. But I mean, you use some really

thick stock right of paper on this cuz it is just a heavy, it's a, it's a hardback and it's a heavy book. But I notice it's

John F. Dini (13m 52s):

Actually, it's actually because of all the pictures in it, the illustrations

Tom Bronson (13m 56s):

I was gonna say wanted I counted like, what, 300 over 300 illustrations

John F. Dini (14m 2s):

This Yeah. Well, and we went, and that's why we went with that textbook kind of paper that, that glossy paper that would reproduce really well with digital printing. Now, there's no reason not to have color illustrations in a, in a book. You know, it doesn't cost that much more when you print it. You don't have to charge that much more for it. And again, we wanted it to be fun. We didn't want it to be a comic book. But I was lucky enough to work with a, with a woman whom I've known for years, and she's very artistic and you know, she's credited in there and it was almost co-authorship because she has a, a knack for finding a picture that when you first look at it in, in accompanied with my words, You, it doesn't seem to quite fit.

John F. Dini (14m 56s):

Exactly. And then you go, Oh, I get it. And you smile. You know, And so there's a, there's a little bit of humor there in the picture selection. I thought she did a fabulous job,

Tom Bronson (15m 10s):

But it's awesome. The, how did, so it was basically her coming up with these, Did you reject any of her? Oh,

John F. Dini (15m 18s):

Sure, sure. It was, it was a, it was a mutual creative process. You know, I don't, I don't think that shows what I was going for.

Tom Bronson (15m 28s):

Right, right. But I, I'm gonna just hold it up here. You can see, I mean, color pictures and, and there is, I, I, I have yet to find a page that doesn't have illustration on it and so, or, or some sort of a chart or, or something like that. I like that. It kind of makes it a little bit more fun to read. Although it does add about five pounds to my backpack. You know, I went for shorter as well. Right. I mean, this is a, it's a 200 pages, 220 pages and, and an easy quick read. That's what I was going for in my book as well, was a, was a quick read because I know having been an entrepreneur myself for the last 40 years, entrepreneurs, if I give them some giant thick book, they're never gonna read it.

Tom Bronson (16m 20s):

Right. And so, so give them something easy to read that they can digest in a, in a plane ride. And yours is eminently readable, you know, on a plane ride, you know, maybe a plane ride to and from one of the coasts reading your book. It's, it is very easy to do. Well, thank you. And I, I enjoy it. So the, the third book, you know, of course, or I'm sorry, the first third of the book, I noticed you kind of divided it into sections. The first third of the book is all about baby boomers and not about exit planning, Right? I mean, you named your book your Exit map and the first third of your book is about baby boomers.

Tom Bronson (17m 1s):

Right. Why did you spend so much time talking about their past

John F. Dini (17m 7s):

Couple of reasons. Certainly the biggest and, and and most pressing reason was the, whatever you want to call it, the tidal wave, the tsunami, the, the exiting of over half the business owners in the United States over the next 10 to 15 years is better understood with some background. You know, the baby boomers, and we talk about it in the book, The baby boomers crushed everything in their way. You know, when we were br when we were growing up, I don't know where you grew up, Tom, but, you know, I went to school with double sessions because they couldn't build schools fast enough for the baby.

John F. Dini (17m 52s):

Boom. Oh wow. You know, I talked to a woman that, that lit was brought up in Brooklyn. They went to triple sessions. Her elementary school was from seven to 1130 from noon until four, and then from four 30 till seven at night, that's the only way they could fit all the kids in the classrooms. And the same thing happened, you know, and the statistics are in the book too, cuz I love, I love, you know, backing it up with the numbers in the, in the late sixties to the late seventies, we built 600 new community colleges in the United States.

Tom Bronson (18m 29s):

Wow.

John F. Dini (18m 30s):

You know, because it just, you know, all the boomer kids were raised to want to go to college, Right. We're all gonna go to college, you know, and then we all got outta college and we found out that corporate America wasn't ready to have five times the executive jobs that they had before. You know, they weren't real interested in giving every one of us a coroner office. So we became entrepreneurs in record numbers that boom, baby boomers are twice as likely as the generation before or the generation after to own a business

Tom Bronson (19m 2s):

Really.

John F. Dini (19m 4s):

And so, you know, if you understand, when we talk about the baby baby boom or the baby boomer bust, it's, it's a real thing. You can't change demographics. I can't change the birth rates of 55 years ago. The, the people are there, the businesses are there and they're going to exit. We're not gonna be able to run 'em until we're a hundred years old, although like we like to think we can. Right. So, you know, that of course it's entertaining. The second reason is people love reading about themselves and there's nostalgia there. You know, they look at the old, the old television shows, the pictures of families sitting around watching Milton Burl or somebody like that with those little tin tv trays in front of them.

John F. Dini (19m 48s):

You know, you know, a lot of us that, that are our age look at that and they go, Oh yeah, I remember doing stuff like that. But the real reason is I believe you need a grounding in what's going on. If you're going to take seriously the fact that planning is going to help you a lot in a market where a lot of people aren't doing it.

Tom Bronson (20m 11s):

I love that. The couple of things that, that I want, before we take a quick break here, couple things I wanna point out. I'm, I'm actually a little bit jealous because the original title for my book was the Case for Exit Planning. So your book gives a lot of great stories of background and, and a lot about our generation, you know, the baby boomers, as I tell my children, Hey, we're the guys that invented this 60 hour work week. You're well. Right. So we like to work, right? We do like to work and, but, but,

John F. Dini (20m 50s):

And part of part of that is competition.

Tom Bronson (20m 52s):

Yeah.

John F. Dini (20m 53s):

Again, there was so many of us trying to get the same job or the same opportunity that the only thing we had was the ability to outwork the next guy.

Tom Bronson (21m 3s):

Yep. Yep. That's exactly right. And so, and then still very high percentage of the 6 million, what I call small businesses, kind of the lower middle market, a hundred million and below, there's about 6 million businesses that that employ people. And, and still the highest percentage of those is owned by baby boomers. And, and the youngest baby boomer, by the way, is 58 years old now. Right? Right. So absolutely. So, so I'm the guy who came through, I was the last baby boomer through the door and we closed and locked it as soon as I got through the, I'm a little gentle

John F. Dini (21m 40s):

When you came through, we said, Oh, no more of that. Please.

Tom Bronson (21m 43s):

Yeah, please, Yeah. Stop it. Yeah. The ones that were, Yeah. That's funny. You think about this, my generation, our generation spans 20 years. Yeah. It's, it's crazy, right? I mean, the people that are born and my, my parents were in my generation, how do you like that? And so, so, but the, the reason I'm jealous is cuz the original name for my book was called, it was called The Case for Exit Planning because I wanted to lay out for business owners the reasons why they should be thinking about planning their exit. That, you know, not having some circumstance thrust in exit strategy upon them.

Tom Bronson (22m 25s):

I, it's, it's important for business owners to think about it and, and plan it so that they have control of it going forward. But, so I wrote the book and I gave it out to a bunch of my clients and still it's just a soft copy. Right. And said, Hey, would you mind reading this and give me any thoughts or input? And the, the two most common things I heard were, number one, I hear your voice, I hear your voice in the book, which I think is a, is a wonderful compliment, Right? I hear your voice in your, in reading your book. But the second was, if you decide to call it, you know, the case for exit planning, don't bring it within 50 miles of my office or you're fire. And what is this, what is this allergy of, of especially baby boomer business owners to the word exit?

Tom Bronson (23m 23s):

You know, it's like a, it's like a dirty little four-letter word. What's your perspective on that?

John F. Dini (23m 29s):

It is, it is, as a matter of fact, I just, I have a piece that I wrote that's, that's coming out in a couple of weeks and maybe I'll send it over for your blog. It's dealing with the E word and, and, you know, it's, it's, you know, on a practical level, it's like committing to a a five day week workout regimen. You know, everybody knows they should do it, but we can start tomorrow. Right? Right,

Tom Bronson (23m 57s):

Right.

John F. Dini (23m 59s):

So

Tom Bronson (24m 0s):

I love that analogy better, right?

John F. Dini (24m 3s):

So it's easy to put off. And the other thing is, and this is, this is one of the things, and this is what my latest book is about, is the fear of the unknown. Who am I if I'm not a business owner? You know, you're Bob at Bob's Widgets, you know, you're Bob at Bob's Widgets. When you go to the Chamber of Commerce, you're Bob the head of Bob's Widgets El Hefe. When you walk in the door every morning, you're Bob's widgets at church. You know, you walk through a wedding and your relative's there and they go, there goes Bob, he owns his own business. You know, and you know, that's who you are. Everywhere all day, every day, 24 7, 365, Who are you?

John F. Dini (24m 46s):

If you're not Bob of Bob's Widgets anymore? You've been that person for the last 20, 30, 40 years. You know? And until you can frame a new persona, a new idea of who you are and what your purpose is in life, it's terrifying to think that I'm just not going to be me anymore.

Tom Bronson (25m 10s):

I I love that. So just say frame a new persona. We do, we do fear that, You know, the other thing that I think that that business owners fear is, well, I don't, I don't really know what questions to ask. I don't even know how, how do I prepare my business? Who, what should I be doing and what, And that's, that's why you and I exist, right? Sure. In, in our professional relationships with our clients. But I, I tell those folks, Look, when you started your business, did you know everything that, that you needed to know? Or did you have to dig in and learn? Right? And so same thing when it comes to this.

Tom Bronson (25m 51s):

This is, it's so important that, that business owners really understand the need to plan this stuff in advance or they wind up being a stat and, and just go earlier in this podcast to hear, you know, what happens to business owners that don't plan?

John F. Dini (26m 6s):

Well, we have, we have, you know, when people ask me about exit planning, I say, Look, yeah, people ask me all the time, what do I do to make my business worth more money? And my answer is the same thing you should have been doing every day since you started your business. You know, hire good people, train them, but put in good procedure, You know, all that stuff. And your exit plan is just the strategic plan you should be doing anyway. But it has a date on it. Yeah. In a time when you need to be finished.

Tom Bronson (26m 38s):

Yeah. That's, yeah. I love that. It's, it's almost like Warren Buffet talking about the power of compounding. Right? You can't, business owners that call me and say, Hey, what can I do in the next, you know, six months to double the value of my business? Yeah. You should have done, you should have been doing that, you know, 20 years ago when you started your business. And it's the power of that compounding effect that keeps going. Well, we're up against a little break. We're having a wonderful and fun conversation with John f

Dini. Let's take a quick break. We'll be back in 30 seconds.

Announcer (27m 15s):

Every business will eventually transition some internally to employees and managers and some externally to third party buyers. Mastery partners equips business owners to maximize business value so they can transition their businesses on their terms using our four step process. We start with a snapshot of where your business is today, then we help you understand where you want to be and design a custom strategy to get you there next. We help you execute that strategy with the assistance of our amazing resource network. And ultimately, you'll be able to transition your business on your terms. What are you waiting for? More time, more revenue. If you want to maximize your business value, it takes time.

Announcer (27m 56s):

Now is that time, Get started today by checking us out@www.masterypartners.com, or email us@infomasterypartners.com.

Tom Bronson (28m 10s):

We're back with John Fini, a certified exit planning advisor and author of your exit map, Navigating the Boomer Bust. So John, would you recommend your book as a guide for an owner who is planning his or her own transition?

John F. Dini (28m 31s):

That's a tough question. The answer is yes and hell no.

Tom Bronson (28m 38s):

Okay. Well, let's leave it at that.

John F. Dini (28m 43s):

Certainly. I think, you know, the, the last third of the book, the middle third, we talk a lot about the exit process. The last third of the book is where we talk about some of the nuts and bolts. You can do this, you can do that, you can do this other thing. Certainly for an overview Yes. To become familiar with the terminology and the vocabulary. Yes. Do I make any claim whatsoever that it will equip a business owner to design and execute his own transaction? That's the hell no part of it.

Tom Bronson (29m 15s):

Right? Right.

John F. Dini (29m 17s):

It's, it's complicated. You know, that it's complicated. We're just talking offline, you know about clients that we're working with now where, you know, we're, we're picking up things in the conversation that the owner

would've never picked up. They're not familiar with the terminology, they wouldn't understand what was being said. You know, when somebody, for instance comes in and says, Well, we're gonna do a Q of E audit, and they, you know, owner shrugs his shoulders and says, Great, you know, what's that? And they say, quality of earnings. Oh, my earnings are good, my financials are clean. That's not even close to knowing what's gonna happen to you.

Tom Bronson (29m 51s):

Right, right. Yeah. I had a, I had a client one time that said, Oh, they're not gonna do any due diligence. They've already said that they're just gonna do this little Q QV thing, whatever that

John F. Dini (30m 1s):

Right, right. Yeah.

Tom Bronson (30m 4s):

It's that little QV thing. Sure. No,

John F. Dini (30m 7s):

It's funny, when you pay Ernst Young or RSM \$40,000 to come in and do their QV audit, you expect to return on that.

Tom Bronson (30m 15s):

Yes. Isn't

John F. Dini (30m 17s):

That Yeah.

Tom Bronson (30m 19s):

Yes. Exactly. So, so it's not meant to be, it's not meant for a business owner to, to be able to map it out and do it all. It's not a do it yourselfer type. No book is, is what I'm hearing from you. You know, it, there's a lot of, what I really enjoy in the book are tales from the trenches. So why did you use these stories and, and put them in the book?

John F. Dini (30m 43s):

Well, I love stories. All my books have stories and always will, you know, stories are the oldest way for people to assimilate information. You know, the, the original, the original news was storytellers going from town to town, you know, telling people town criers, you know, people telling people what was going on. So, you know, they're an effective communication tool and they're real. I mean, it took a lot of extra effort. A lot of people have stories in their books that say, this guy did this and a guy like that did this other thing. You know, I really wanted to go out and get the pictures of the people I knew and get their permission.

John F. Dini (31m 24s):

Those stories were all vetted by them. They had final say on it. And even the one or two that are not that complimentary to the way the process came out, because I wanted, business owners are very concrete. They're like, Well, is this real? Yes, it's real. You know, these guys exist. You can look 'em up on LinkedIn and this is what they've done. So I thought it carried a lot more gravitas to have real live business owners that have been through the process, speaking through my book.

Tom Bronson (31m 57s):

I I love that. And we do the same thing here on this podcast. Sure. You know, we've had now two series of tales from the 17% club, which are, are these entrepreneurs who have successfully exited their business, talk about it. And I've done the good, the bad and the ugly. I, on each series, which are typically six or seven episodes long, and I have different owners on each one. I always try to include somebody who had just a real dumpster fire. Right. On the first series I had Jim Roddy who tried to sell his publishing business and ultimately wound up closing the doors.

Tom Bronson (32m 38s):

And it, it was because he was just not not ready. You know, I, in the last one, I had someone interview me about one of, about my biggest failure in business, and that was the restaurant that I owned. And, and the, the, even though I was able to exit it, it was not a happy story and not a happy ending. And so, and so I think it's important for, for business owners to realize that it's a lot of hard work. Right. And to hear stories from real entrepreneurs who have been through this. I like that. And I'm so glad that you've decided to include that stuff in your book.

John F. Dini (33m 16s):

And you, and you just made a real important point, Tom, I know two business owners who in the last couple of years had very, very successful businesses, really attractive offers on the table in both cases from publicly traded companies. And the publicly traded companies did what they do. They threw, you know, seven advisory firms and 16 employees at them and they were trying to handle it themselves. And in both cases, before they got done with the process, they crad a quarter cuz they weren't running the bit running the business properly. And both deals went up in smoke and they didn't believe that that could happen to them.

John F. Dini (33m 58s):

But, you know, the buyers were only too quick to go, Oh, so it's really dependent on you and you weren't paying attention and it went down, Thanks, but no thanks. And they walked away and these were both very high eight figure deals.

Tom Bronson (34m 14s):

Wow. Yeah. And my, in my last business, we, we sold it ourselves. We had had investment bankers look at

the business before, but we decided to do it ourselves because I have done this so many times, but it's because I had the bandwidth. I had, you know, other, other people were running the business. And so I didn't have to spend, I was not, you know, running the business and calling the shots day to day. So I had the time to spend on it, but I hired analysts to come into the business to handle the, the rigors of due diligence. You know, the, the amount of information requests that flow into your inbox from a prospective buyer, if you don't have the bandwidth to do that, you really need to hire somebody.

Tom Bronson (35m 2s):

Absolutely. That can do that for you. Either an external resource, like an investment banker or a broker in some cases. Or hire somebody internally to handle that, that so that you don't take your eye off the ball, you still gotta run your business. Yeah. And as I tell folks, you have to, even when you're in the sale process, and probably even more importantly while you're in a sale process, you've gotta run it like you're gonna own it for the next 20 years.

John F. Dini (35m 30s):

No, absolutely. And it's so frequently, you know, they come to me and they say, Well what can I do? And, and the answer is, nothing. Get out of the way. Go run the business. You know, don't, your job is to keep these numbers at or better than where they are now. I'll take care of the rest. And it's, it's difficult for them because it is distracting and it is different and it is fun and they like being part of the process and we, of course we keep 'em involved, of course we keep them informed. We don't just say run along and, and you know, go run your

Tom Bronson (36m 7s):

Yeah. But a long little boy go run your business.

John F. Dini (36m 9s):

But I I, I had a company, I was, I was commuting to New York City for two years. I had a company on a 44th street and I had an ops guy and we had investment banking money in the business and I was leaving him in charge and I said, Now they're gonna come by and they're gonna show their investment banking friends this business that they own in New York and they're going to invite you out to lunch and it's going to be fun and you're going to be talking about deals and money and it's really exciting and everything. And if you take your eye off the ball and running this operation, they're gonna fire your ass. And they, I'm sorry, Fired. We're on fire. Your

Tom Bronson (36m 50s):

That's alright. I think most of our listeners have heard that word before.

John F. Dini (36m 54s):

And, and he didn't listen, I went back to Texas, he was running the operation five months later. They came

in, they fired him and they said, You're not paying enough attention to the business. He said, Well that's cuz you guys are dragging me out all the time to meet these guys and do this stuff. And they're like, We don't care. You're gone.

Tom Bronson (37m 12s):

Yep. Well, in the average tenure, I think of a, of a CEO that sells this business and, and continues on with that business, the average tenure is 17 months I heard recently. And that's because you're no longer calling the shots. You gotta be really comfortable with somebody else calling the shots. And I, when I've, I've sold two good size business is one to a publicly traded, actually both of them to publicly traded company. So I was gonna say one to private equity. We flipped it into a another publicly traded company. Well, the first time I did that and I sold my business and I went to work for that publicly traded company, I learned something really two really important things about myself.

Tom Bronson (37m 58s):

Number one, I was a pretty darn good ceo. Right. I could, I'm good at calling the shots and surrounding myself with the right people and all that. Number two, I'm a terrible employee.

John F. Dini (38m 12s):

If you look, if you look at my bio on the back fly leaf of the book, it says people refer to John as serial entrepreneur, but he prefers the term chronically unemployable.

Tom Bronson (38m 23s):

Yes. Yes. Actually, a great friend of mine here at an entrepreneur in, in Dallas, Dave cops, his wife calls him genetically unemployable.

John F. Dini (38m 35s):

But you know, the other thing is, you know, owner centricity is a big issue. Yes. And when we do the initial assessment, I'm a coach and coaches speak the truth. That's, that's my job in life. And when I sit down with an owner and the assessment says, I make all the decisions and I work 60 hours a week, I say, Your company is un saleable. No. Nobody wants to pay you millions of dollars for the privilege of working 60 hours a week. That's not what they're looking for. And we need to fix that before we start talking about how ready you are to exit.

John F. Dini (39m 15s):

Because what the, what entrepreneurs don't realize is the management team, whether you're gonna sell it to the management team, whether some a third party's gonna come in and buy it, how deep your management team is is probably the single biggest factor in the value of your business.

Tom Bronson (39m 32s):

Yeah. Oh yes. I had a, along that line, I, I recently had a client that disclosed to me as we were starting to work together that his plan was he wants to go sell his business soon so that he can take his top four managers and go start a new business. I said, you just made yourself unsellable. Right, Right. You know, you need a deep management team that can run the business because buyers want to buy a, a a, an ongoing concern. They wanna buy somebody that is gonna still be operational the next day. We've touched on two things that I think are one in the first half and one in the second half that I think are critical to, to a business owner.

Tom Bronson (40m 17s):

And probably two of the top five reasons why businesses don't transact. One is that owner dependency. Right. And having the business dependent on the owner, you need a business that is totally independent of the owner. The owner should be able to go on vacation for a month and not call the office and the office didn't even know he was gone. Right. Kind of a thing. I do have a great friend who's a restaurant tour in Chicago. He owns six or eight restaurants and whenever sometimes I'll call him, I'll say, Hey, how's it going? He goes, Yeah, I'm good. I'm just down here in, in Cabo or I'm off, you know, snorkeling this week, you know, in the, in The Bahamas.

Tom Bronson (40m 58s):

And I'm like, Well, he's, he said, But my employees don't know I'm gone. You know, they, you know, I just didn't show up at one of the restaurants this week. Right. And so, so I love that. You know, he just, he just can go on and be away and, and operate. The other is the unrealistic expectations of enterprise value. You know, business owners that don't really take the time to understand how businesses in their industry are traded and how they're valued and, and what's going on. We get this idea in our mind based on God knows what I I go into a bunch of different things, things in my book about valuations and, and why they're mostly wrong.

Tom Bronson (41m 40s):

And so those two are, those are two of the five big reasons why businesses don't transact. What's your take on that?

John F. Dini (41m 47s):

Yeah, my my my standard joke about it is, you know, how much is your business worth? 5 million? How do you know it's worth 5 million? Well, I talked to a guy at a trade show that knew a guy in another state that had a business a lot like mine. And he sold his for four times something, I think it was four times revenue. And yeah, my business is a little bigger and I hear he got \$4 million, so I must be worth five. You know, and you know, there's no, no reality to it. They would never accept a number like that in their operations. Yeah. You know, but, but, and the other thing is sellers lie, they, and they don't even lie intentionally.

John F. Dini (42m 30s):

Yeah. How much did you get for your business? I got \$5 million for my business. Now he's not telling you that he had three quarters of a million dollars in a credit line that had to be paid off that they bought out. Part of that was to buy out his equipment leases. You know, that a \$500,000 of that is for two year work contract that he's still gonna have to work out that another 500,000 of it's dependent on an earn out if he can grow the business by 25% in the next year, but he got \$5 million.

Tom Bronson (43m 3s):

Right, Right, right. At the end of the day, maybe he got two and a half. Right. So yeah, it's just that the business owners, there's folks out there like John and I, who can help you understand what your business is worth. And so please don't guess it's real easy to find out, you know, how businesses in your industry are trading. In fact, we've got a spot on our website that gives a free valuation or at least a, an idea, kind of a ballpark of where it should be. I hear that you're writing a force book. What is that all about?

John F. Dini (43m 41s):

That's about coaching. That is a book for advisors. We're kind of passionate. You've heard it, I've heard it. Two different surveys. API in 2013, Value Builder this year have found that 75% of business owners are anywhere from regretful to profoundly unhappy a year after they sell their businesses. And that's embarrassing for us as advisors. And I believe it's because people, and we talked about it a little bit earlier in the first segment, people don't dig enough into what's next, What's your purpose going to be? Who are you going to be when you aren't the business owner?

John F. Dini (44m 21s):

And it's easy to understand you're being paid to give advice and you know, we've all had it as consultants, you go in and you're, you're querying somebody about their business and they're telling you more and more. You come back for the second meeting and you start asking more questions about the business and they go, Hey, I'm paying you a lot of money. I'm not doing it just so I can tell you about my business. You go, Okay, enough questions. I'll give you advice, you know, and you're paying me for advice. I better start throwing out some advice here. That's right. And you know, you, you've got, you've got set expectations that's gonna take you a while to give good advice because you don't know what options the clients looked at already. You don't know what his ultimate goals are.

John F. Dini (45m 4s):

You know, and you, yes, you're gonna walk in and he goes, I wanna sell to a third party for 5 million within the next two years. Okay, that's great. But too many folks I think are running out and saying, Okay, here's the plan. We're gonna go for 5 million the next two years is what you're gonna have to do. And that may not be what he wants. He may wanna be able to travel, work at a charity, spend time with his grandkids. He may wanna make sure his employees are taken care of. He may want, he may be in a small town where his name's been over the door for a hundred years and he wants it to stay there. There's a lot of other factors than 5 million in two years.

John F. Dini (45m 43s):

You know, and, and i, I feel too many advisors don't dig into that. They get the clients' first impression when I was a broker, People will call you up all the time. I wanna buy a light manufacturing company. Why do you wanna buy a light manufacturing company? Well, I don't want a restaurant and I don't think I wanna do retail and I don't have any professional licenses and I don't know how to build things. So construction's out. So by process of elimination a light manufacturing company is all I can buy. Well, that's not true. You and I know that people buy other kinds of companies all day long and it's fine, but you know, they've gone through this thought process and come out with something.

John F. Dini (46m 24s):

And too often that thought process is the thing they tell the advisor and the advisor says, Okay, let's make that happen.

Tom Bronson (46m 32s):

And Interesting. Interesting. Yeah. The you're right, all, all day long, you don't necessarily, if you've got good business skills, Right. They're, they're fungible. It's like, it's like what I tell salespeople, I started my career in sales. Right. A great salesperson can sell anything. Right. And you don't have to have specific knowledge about that. That's, that's an interesting take on that. We're gonna have to get on the couple of these last questions, but before we do, tell our audience a little bit about your practice and how you help clients drive toward their ideal exit.

John F. Dini (47m 11s):

I, as I said, about two thirds of my work is with internal transfers, especially employee buyouts. You know, my first, my first assessment with the, with the client, I will always ask them, are there employees that could run this company without you? And a lot of times the answer is, Yeah, I've got some great guys. I could go away. As you said, I could go away for two weeks. I could go away for a month. And, and the company would run fine, said, Why don't you sell to them? And they say, Oh, well they have no money. Well, that, that can be fixed. If you've got a couple years, you can fix the no money situation. You can get the employees in a position where they can get financing to take out the owner and, excuse me.

John F. Dini (47m 55s):

And you know, they, if you do an internal transfer, you, you're not adversary, you're not arguing price, you're, you're controlling your timing. You know, it puts everything in your control to move forward. So we do a lot of that. I do third party sales. I don't broker them, I don't list them on the sites and market them, but I would, I do a lot of transaction support for people that come to me and say, Hey, somebody came up and said they wanna buy my company. What, what do I do now? But, you know, I've got that. And then I've got the exit map. The exit map of the tools, the coaching tools that we've created, that we sell on a subscription basis to advisors around the country who have bought into our concept of you need to get deeper with the client

before you go putting 'em on the market.

Tom Bronson (48m 45s):

And you do. And I think that that is a great message that business owner should hear as well. You've got to find the, find the right advisors and then, and then give them the opportunity to go deep because that's the only way to get your business ready for sale. And it's the only way to get yourself ready for that transition that's coming. Well, one last business question, John, and that is, this podcast is all about maximizing business value. What's the one most important thing you recommend business owners do to build value in their businesses?

John F. Dini (49m 21s):

Work less.

Tom Bronson (49m 22s):

Work less. I like it. Very simple work less. Yes. And that's a winner Winter, winter chicken dinner. That's the shortest answer I've had on that. And it's a mouthful and it's a lot to unpack, but we're running out of time, so I have to ask you our bonus question. Our listeners listen all the way to this point to find out how you're going to answer. What personality trait has gotten you into the most trouble through the years? John?

John F. Dini (49m 50s):

Oh, Impulsiveness. Very much so.

Tom Bronson (49m 53s):

No, you,

John F. Dini (49m 55s):

Yeah. Yeah. My, my employees, I, I come into my employees and I say, you know, we're gonna change such and stuff. And you know, they moan, they groan. But you know what, I'll finish if we've got a minute for a quote by Larry Lenny who wrote, Make the Noise Go Away. And he, I, I had Larry down to talk to, to people. I had about 300 people in the room and Larry said, we had, we had business owners and their second in commands and he said, You second in commands, How many of you complain that the owner doesn't do things according to the procedure, that he doesn't do the way that they're supposed to be done? That he's always doing something off base that you have to go and clean up.

John F. Dini (50m 38s):

You know, they all raise their hands. And then he said, Owners, keep it up. Your job is to change things. Your job is to look for a better way. Your second in command's job is to make sure everything's done according to the book. Your job is to rewrite the book.

Tom Bronson (50m 55s):

Same story I used to hear when high performing salespeople would come and turn in a, a big order and then the ops guy brings it and slaps it on my desk and starts bitching up one side and down the other about what's wrong with this? I say, Look, we don't pay him to get it right. We pay him to bring us the dollars. I pay you to get all to shave all the hair off of this deal. Right? Right. If it wasn't for that, you wouldn't have a job. So, so let's keep going here. How can our viewers and listeners get in touch with you?

John F. Dini (51m 26s):

Oh, actually, we're in the middle of converting the website. John finicom is still out there, but if you go to it soon, it will be it, it will forward to the exit planning.coach.

Tom Bronson (51m 44s):

The exit planning.coach. I like that. I like that. So John, thank you for being our guest today.

John F. Dini (51m 53s):

I appreciate it. Thanks a lot, Tom. It was a lot of fun. Really enjoyed it. Look forward to you asking me back.

Tom Bronson (51m 59s):

Oh, I absolutely will. We wanna talk about those other books. And then the next one that's coming out, so you can find John f Dini at the, the Exit, what did you say? The Exit map

John F. Dini (52m 12s):

Coach or john

Tom Bronson (52m 13s):

Fini.com. Yeah, those are the places you can find him. Of course you can find him on LinkedIn. Use John f Dini, d I N i. And of course you can always reach out to me and I'll be happy to make a warm introduction to John. We're gonna be adding links to his books onto our website this week. You'll see them on Wednesday when we do the blog post and of course on Friday in our newsletter. So be on the lookout for that. Give you a great opportunity to be able to, to buy his books. This is the Maximized Business Value podcast where we give practical advice to business owners on how to build long-term sustainable value in your business.

Tom Bronson (52m 53s):

Be sure to tune in each week and follow us wherever you found this podcast. We would appreciate that. So until next time, I'm Tom Bronson reminding you to learn as much as you can about exit planning by reading great books written by CPUs while you maximize business value.

Announcer (53m 14s):

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4 (53m 60s):

That was perfect. I wouldn't make any changes.