

Announcer (5s):

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 mission is 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 Mastery Partners, Tom Bronson.

Tom Bronson (35s):

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 their businesses. This episode is part of our series on books written by certified Exit Planning advisors or CPAs. If you've been listening, I attained my CPA certification in 2019 and earlier this year I was invited to participate with other SEPA authors in the Author Showcase at the exit planning conference in Scottsdale, Arizona, where I picked up some great books. Justin's is one of those. In this episode, I'd like to welcome our guest, Justin Good, CFP, sepa, C V G A E I E I O, and Chief Strategist Officer at Wealth Source.

Tom Bronson (1m 24s):

Now, Justin is a nationally recognized financial planner, educator, wealth manager, and speaker with more than 20 years experience in starting buying, owning and selling businesses, he's become a four-time recipient of the Investopedia Top 100 Advisor Awards and is the 2022 Peter Christman Exit Planner of the year. Very exciting. I was there when that was awarded as now as a two time author. Justin's first book, The Ultimate Sale, was named an Amazon Best in Class title. In it, he teaches how business owners can create a long term value and accelerate growth in their company, so it can be sold for top dollar when the owner is ready to retire.

Tom Bronson (2m 10s):

His second book, which is where we're gonna focus today, is Your Baby's Ugly, Maximize the value of your business, or You will have nothing to sell. I can almost stop right there. I mean, that is some great advice. It is a financially simple guide, and it was listed on the USA Today best seller list. I am very excited to welcome to Maximize Business Value. Justin, welcome.

Justin Goodbread (2m 37s):

Thanks, Tom. Thanks for having me, brother. I look forward to this conversation.

Tom Bronson (2m 40s):

It should be a lot of fun. You and I have a lot in common and and we use a lot of the same terms. So tell us a little bit about your background and why you became a certified exit planning advisor.

Justin Goodbread (2m 51s):

Sure. So I've been a business owner almost 30 years now. I probably need to update that. It's almost 30

years. Started my first business when I was 15 years of age and fell in love with business. I I, I have this passion inside of me that we, business owners carry the back of our country. We employ so many people nationally, and you know, as the small business community, as the business community goes, so goes the country, so goes the world for that matter. So I have this passion to help business owners. You know, I often say that no one understands a business owner, but a business owner. You know, those of us who are in this trench are in the saddle, so to speak. We carry some weight, we carry some dark nights, We carry some, some ghost, some demons, if you will.

Justin Goodbread (3m 34s):

And man, I fell in love with encouraging, helping and driving business owners. And after I had sold my first three companies, you and I were talking offline about the number of companies we've sold. I've sold six to date, started and sold six high profitable, you've sold many more. But after I sold my first three, I realized there's this void for business owners on how to take what their life dream is. This thing that we sacrificed so much, our blood, sweat, tears are family even sometimes to great create this Franken sign, if you will, that if we don't do it properly, ends up just dying on the vine, ends up withering and it creates, instead of a legacy, a tank, an a tainted mindset enemy, if you will, the family unit.

Justin Goodbread (4m 18s):

So I found this certified exit planning advisor space many, many years ago and fell in love with the methodology. I love the methodologies that we CPAs utilize. I love the training that we CPAs can influence the business community with. So man, as a, as almost 30 years in the saddle, working in the value acceleration methodology now and working in the exit planning world, I, I couldn't be happier. We're able to influence so many people, Tom.

Tom Bronson (4m 44s):

Yes, yes you are. And I know that, that you do so well. You know, our story is very similar, right? I, of course I've sold a few more, but I have a few years on you, Dustin. You know, the gray hair and the beard indicates that I've got a few more. But today we're gonna focus on your latest book, your second book. I'd love to know what was the inspiration for the book? Your Baby's Ugly, Maximize the value of your business or You will have nothing to sell?

Justin Goodbread (5m 10s):

Yeah, so the title comes from an old saying, My dad used to say, my dad's no longer with us. He passed away unexpectedly many, many years ago. But he used to tell me the statement all the time, Tom, I come remember like it was yesterday, him looking at me, he said, Son, you never tell a woman their baby's ugly, but if you do, and sometimes you may have to, you better run or duck. I mean, he's told me that a thousand times, right? So I always had this picture in the back of my head of my pops as we, as we called him, Pops telling me this and he'd chuckle and laugh, You know, I get old country boy would, but the reality is, is that the bus for business owners, the business is our baby. There's so many stats out there. I know you probably

cited on your podcast before where it's been proven that for us business owners, it's almost like a child.

Justin Goodbread (5m 53s):

And how dare you come in and tell me my business is not worth what I think it's worth. Well, the reality is, is that many business owners live in a fantasy world. They think the the white horse is gonna come in tonight on the White Horse and they're gonna buy their business and give 'em all the cash they're gonna have and they're gonna sell it to the sunset. But you and I both know that's not real, that's not reality. And so the inspiration was is can I find a title that's near and dear to my heart that gives a little bit of a laugh, you know, is catchy that makes somebody say, Huh, how dare you tell me my business is ugly? And the, that's where the title came from with the inspiration of just really giving a shock and off to how dare you say, my business, my baby is ugly, my business.

Justin Goodbread (6m 33s):

But then also laying out, hey, here's the methodology that I've utilized for myself and that so many utilize, I've actually used some of the curriculum from the Certified Value Growth advisor credential that I have and share that for the masses so that we business owners can truly make our businesses into the, into the business that we desire versus what we think they're worth.

Tom Bronson (6m 54s):

You know, you are so right when business owners don't really understand the value of their business, Most of 'em don't even understand how businesses are valued in general. I had a, I had a great friend, a an m and a attorney who's done just dozens and dozens and dozens of transactions. He was actually my chief council in one of my companies years ago. And, and he does a talk for an organization here in town and he always starts to talk the same way and it, and it draws a big chuckle from the crowd. He said, There are only three things that you need to be concerned about when you are planning to sell your business. One is earnings, two is earnings, and three is earnings.

Tom Bronson (7m 39s):

Cuz you know, 97% of transactions are based on earnings. Now the, there's all kinds of other methodologies, but it's, most of, most especially small businesses are earnings based. And, you know, you mentioned the, the stats, when I took my sep a course, you know, Chris was really Chris Snyder, another author that, that we've had on the podcast, you know, talks about, about 80% of transactions don't make it to the finish line. Well, we actually did the math, we compiled as much data as we could find from everywhere, and it's an 83% failure rate, meaning only 17% of business owners actually make it to the closing table.

Tom Bronson (8m 22s):

And, and to me, you just hit, in my opinion, one of the biggest reasons why 83% fail, and that is unrealistic expectations of enterprise value. Most business owners think their business is worth so much more than, than it really is. How do you approach that with them to help them really understand why their business is a

little bit ugly maybe?

Justin Goodbread (8m 49s):

Yeah, you can actually, what I do is I take it one step further. I agree with your calculation. That's the same calculation I was able to, to calculate myself. But if we go a step further, only 4% of those that do actually transact are happy after they sell their business. So you take statistically even pull it down even further. So you already have such a minority of businesses that actually do transact. Then out of that portion, statistically only 4% of business owners are happy when they're done. And you and I both have gone through this. I can tell you that I don't regret any of my transactions. I feel good about 'em. There may be one, I probably got a little bit more need, a little bit more, you know, give or take on it. But I feel good about 'em. So I take it a step further and say, you know, if, if we realize the odds are stacked against us, we first of all can't lie to ourself.

Justin Goodbread (9m 34s):

We have to realize what we're fighting. We, we ha this big game of business is not, as we all know, it's not a, is not easy. It's a, it's a hard game. But until we know how it's played, and I love the way you, you said earnings, earnings, earnings. Whenever you dive into the business, what we ultimately have to do in order to even maximize earnings is decentralized. We had to remove ourselves as a business owners from the epicenter of the business, period. There's no other way around it. If, if, if all we, if we as business owners stay at the epicenter of our business, then all we have is Michael Gerber says, and this wonderful book EMA is we have a job in working for the lunatic ourselves, right? So ultimately in the book, what did is I tore the business down to eight areas of business.

Justin Goodbread (10m 18s):

And in those eight areas, we, business owners are usually good at one, maybe two of those eight areas. Now, a few of those we naturally realize we need help. And so we, we often subrogate that out or sub move that out to professionals, so to speak. But we often don't take a hard look at business. So what I, what I decided to do was apply what I had seen success in my almost 30 years of business and all my formal training that I've had and coaching literally thousands of business owners in the trenches with 'em, coaching 'em on how to grow value and ultimately time. It came down to the eight areas of business, which are these, we have to be really good at planning.

Justin Goodbread (10m 59s):

Most business owners don't even have a written financial plan. You and I were talking about that before we turned it on. The statistic as of last year says, just over 75% of business owners don't have a written financial plan. And so if you don't pause long enough to even take care of your family at home, who you say you love more, or I say I love more than my business, then I almost can guarantee you you haven't done any planning in your business. Okay? So one of the first areas we have to deal with is planning. Where are we going? How are we gonna get there? Why are we going there? Then we have to go to leadership. That's the second

area of business. How are we going to empower the team that we have the honor and privilege to lead that we have the honor and privilege to serve? How are we gonna empower them?

Justin Goodbread (11m 38s):

That's leadership. And there's a plethora of books written on leadership. I mean, some great authors. So most people realize that we're often very weak in that area as business owners. If we're, if we're transparent, the other two, the next two areas often get muddied. So I separate 'em. The next two areas are sales and marketing. Sales and marketing. Marketing is often the weakest area of the small business community. And now as I'm working even more and more in the mid in the middle market segment, most businesses don't understand marketing. They, they blur those together. And so we have to look at sales and marketing in two different aspects. The the next two are people and operations. So we've gotta care for our team. You know, one of the things that's gonna drive your value more than anything is decentralizing yourself.

Justin Goodbread (12m 21s):

But making sure you have a dynamic bench, making sure that your team who carries the business forward are the pedigree. I mean, they're the crim delay. They are the ones who can go and speak at the conferences and their professions and teach others how their, why they're the best and why the systems are using are the best. That's the people component operations is pretty self given. We know how Lean and Six Sigma, some of these other types of manufacturing process managers have kind of morphed into even the service industry and the retail industry. But we have to make sure through the operations that decentralization is happening, that we, the owners aren't the linchpin. That everything is not hinging upon us. And finally, the last two is finance and legal typically will outsource our finance to a CPA or a cfo.

Justin Goodbread (13m 3s):

And then obviously we all know the power of having a good attorney on our side. So as I was writing this book, it was putting mild country boy, you know, living on a dirt road and out Georgia growing up. But my country boy type of spin on things saying, Look, business is not hard. We don't have to go to Ivy Leagues in order to run a successful business. We just have to use some basic principles. And the whole key is decentralization. Decentralization of ourselves from the business. In order to do that, what do we need? We have to have systems and processes. And so as we decentralize and we replace ourself with citizenism processes, look at these eight areas, we ultimately drive extreme value multiplicative type of growth versus singularity type of growth.

Tom Bronson (13m 44s):

You know, so there's so much there that I wanna unpack a little bit. So first of all, Michael Gerber, love Michael Gerber. If you, if you could see if I panned around, I've got five Florida ceiling bookshelves in, in my office and they're all crammed. I'm a voracious reader. I love to read books. I read probably 50 or 60 a year, right? And so, so you know, that's, that's crazy now, but you mentioned, you know, 75, I hadn't heard this sta 75% of, I think that's what you said of business owners don't have a financial plan is, did I get that stat right?

Justin Goodbread (14m 21s):

Yes. So just north of 75% as, as of the last e p I exit planning institute say to the market just north of that, just, I think it was like 77% of business owners don't even have a written personal financial plan. Yeah,

Tom Bronson (14m 33s):

Well, and so, so I wanna talk about that for just a second. You know, when it, cuz I run into this all the time with our clients after we'll engage with a client and we go through kind of our first step, you know, the assessment and the, and the valuation. Then I ask them, Okay, what do we need to retire on? When are we going to retire? Let's paint a very clear picture of what it looks like. And they'll, and the ones that go, Oh, I need 5 million. Oh, okay, is that what your financial planner told you? Oh, well I don't have a financial planner. I said, Well, why not? Well, because all my assets are tied up in the business. That's why you need a financial plan, right? So that you can understand that now, now you're way more intimate with this than I am.

Tom Bronson (15m 17s):

What would you tell that business owner that doesn't have a financial plan, which is most of them, How would, how do we get them to go and do that work? I, my sense is they don't, because they're number one, they don't have a lot of assets to be managed right now. They will eventually if they play their cards right. But number two, I think that many times business owners are embarrassed, right? Well, I'm, you know, 50 years old and I don't have a financial plan, right? How do you, how do we help them get over the hump

Justin Goodbread (15m 47s):

On that? Yeah. So I see it for many reasons. You identify two, I see a few others, you know, business owners are, are, we're controlling group, we're pretty tenacious. And so we often do, we often think we can beat Wall Street and Chan candidly, we can, we can outperform typical Wall Street type returns to our own business. So we, you know, why would we give our money to some Wall Street type in a suit and tie knowing that they're gonna give us what a single digit return or whatever it's gonna be whenever we could, Hey, we could get, we could double our business value in two years time. We, we know that you and I have dealt with that personally, right? So there's lots of reasons why people don't have a financial plan. What I, what I go back to is basic seep training. I know you've spoken about this on your podcast in the past.

Justin Goodbread (16m 29s):

It is, hey man, what's the wealth gap? How much money do you need? And they'll say, Well I need 5 million. Okay, cool, five millions. And I do back dirty back of the napkin math right quick. Anything, any country boy can understand, all right, 5 million times 5% is \$250,000 a year, 250,000, pay some taxes on it. You got about 180 to live off of. And they just look at me. I said, Okay, now how much money you paying yourself? Well, I'm paying myself 150. All right, cool. You're paying yourself 150 outta the business, that's great, but you're not. And they'll go, What do you mean you're not? I said, Okay, who pays for your cell phone bill?

Who pays for your health insurance? Who pays for that trip down to The Bahamas? Who did this? Who did this? Are you employ your kids? And I start doing what we call as normalization Okay.

Justin Goodbread (17m 9s):

Of, of a income statement. And then they'll realize that, you know what, I'm really spending about \$300,000 a year through the business. And they go, Oh my goodness. And I'll say, Okay, so now if we sell the business for 500 thou for \$5 million, assuming that we've already covered our tax and our closing costs and all of our fees involved with selling the business, and we walk away with a true five, how do you like it? How do you feel about your pay cut hat coming forward? Did you work your whole life for this pay cut? And they'll go and you hear a little bit of stuttering, you know, Cause I've been there. We've all been there, right? Yeah. I've been in that person. I've been the financial planner without a financial plan with it or not. Yeah. But reality is, is once you start talking through all that, the, the, a financial planner is not there.

Justin Goodbread (17m 51s):

A true planner, especially if they're CPA trained, is not there to manage assets. That's an investment manager. A financial planner is there to identify a few key components. One being the wealth gap. What, what do we need to bridge to get you to where you're financially independent? That's key number one. The second thing they're there to do is look at the risk. You know, often the very thing that we want is control. We planners want control of our, of our investment, but we're carrying the most risky investment. Everything is hinged upon us. We get hit by a bus. We disabled our families left wanting. And so the planners there is to make sure, well all the what if scenarios. What if you can't sell your business for that 5 million? What if five million's all you get?

Justin Goodbread (18m 31s):

And now the tax code ends up taking 30% of it. What if recapture comes into play and all these various technical things that the plant a true planner is thinking about will challenge a business owner. And so whenever I kinda walk through that type of a conversation, you know, it's usually tongue in cheek back of the napkin. You literally watch someone who's tan like me turn, Why does a ghost, why does a ghost? And they go help. Yeah. Then they don't know where to go. And so that's when I recommend, hey look, we, you and I are both members of Ace a community with lots of financial planners and ace a community who speak our language, who work with business owners day in day out, who's there to guide people to a close that wealth gap and to ultimately reach their dreams.

Justin Goodbread (19m 13s):

So that's how I handle that particular question, brother.

Tom Bronson (19m 15s):

So you know how I'm gonna handle it from now forward. I'm gonna tell, I'm gonna look 'em right in the eye and say, Okay, right now you need to go download maximize business value podcast 1 32 with Justin Good

bread. Listen to that and then I'll be back.

Justin Goodbread (19m 30s):

There you go. There you go. That's awesome. Hey,

Tom Bronson (19m 31s):

We're we're almost to a break. I do want to ask another question before we run out though, because you've talked a little bit about building value and we've talked about profitable business. Can you share with our listeners the difference between a profitable business and a valuable business? Aren't they really the same thing?

Justin Goodbread (19m 48s):

They could be for many, but I don't consider them the same thing. So just because a business is possible profitable and somebody's able to put hundreds of thousands or millions of dollars in a pocket, doesn't mean somebody's gonna buy it. It means that maybe you've created a, a job potentially that is giving you an income, but it doesn't mean that there's value there. Value is only perceived whenever somebody from the outside is willing to come in and say, Hey, I'm willing to give you money in exchange for your, your machine that you've created. So there can be profit, but there may be profit without value. But let me reverse it. There will never be value without profit. You have to have the profit, you have to have profit there in order for you to have value.

Justin Goodbread (20m 29s):

But you can have profit without value. Our job as business owners is to drive profit simultaneously increasing value. We want to create the machine that somebody is willing to pay us for, while at the same time we're rewarding our, the lifestyle that we desire.

Tom Bronson (20m 44s):

That is a great explanation. And so on that note, we're talking with Justin Good bread. Let's take a quick break. We'll be back in 30 seconds.

Announcer (20m 54s):

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 they'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 (21m 35s):

Now is that time. Get us started today by checking us out at www.masterypartners.com or email us at info@masterypartners.com to learn.

Tom Bronson (21m 49s):

We're back with Justin Good Bread, a certified exit planning advisor and author of *Your Baby's Ugly*, Maximize the value of your business or you will have nothing to sell. So Justin, how does preparing for the the owner's exit of the business influence the business sooner?

Justin Goodbread (22m 12s):

Oh wow. That's a heavy question. Well, you know, whenever my dad was building a house, he was a contractor and I can remember sitting on the roof with him one day, Thomas, he was laying out the, the main beam holding the roof in place. That's whatever that's called, the center beam up there. And he was telling the, the, the contractor on the other side, he said, You need to move a little bit. And I was watching him and I asked him, I was 14, I remember like it was yesterday. Again, my dad's my hero and he said, he said, Son, I said, Pops, why did you say that? Just move a hair. What did you mean by that? He took his pencil out of his ear cuz you know how contractors do the carpenters, the old school carpenters, they had their pencil in their ear. He pulled the pencil out of his ear. And I'll never forget it, Tom, he grasped the, the metal clasp of the pencil because you can almost see the eraser is where he's facing him.

Justin Goodbread (22m 57s):

And the pencil points facing away from him. And he took his finger and he just nudged the eraser point. And he said, Son, if we make a little adjustment now, look at how much that pencil moves on the other end. If we, if I move my finger to the middle of the pencil, I have to move, make much more adjustment now in order to make a same reaction later on. I will never forget that, Tom, like it was yesterday. I can remember how hot that summer Georgia was and how sweating we both stunk on top of that roof. The reality is, is that as we're looking to where we want to be, the sooner that we can make the adjustments in our business, the sooner that we can go decentralizations, add, add, those concepts that you and I often teach our clients, add those, add those concepts to impact value today, the greater change it has over a time period.

Justin Goodbread (23m 49s):

So to answer your question, as I'm looking at, I'm going, you know, as business owners delay and procrastination as our enemy, whenever these fires that we run around putting out is our enemy, one of the statements that I'll never forget, I ma I made this by accident and I've capitalized it and I, and it was this, it was who is my client? And I was answering this question to myself one day as I was thinking my, who's my client and I was identifying the financial planning clients that our team was working with or the business clients that we were coaching. And I said, That's not who my client is. Come on Justin, you've done, you've gone on this road before. My true client is the person who's gonna come in and write me that check one day. And if I can build my business today, start building it today in, in a, in a manner to where that individual or

that company or that board or that VC firm is going to say, Hey, we want the business to look like that.

Justin Goodbread (24m 39s):

If I can start today, then it becomes a long marathon that I can manage personally, have a lifestyle, work with team grow gate capacity, create multiplicative growth as, as opposed to a frantic sprint because of health that comes up because of economy, economic issues because of team members leaving because the big customer left us. If I can start today very similar with that pencil, then I can drive value much more effectively long term.

Tom Bronson (25m 10s):

I, I love that we use a lot of the same language. You know, I tell our clients it's a marathon, it's not a sprint. You know, you don't, you don't, you can't do this. I use the analogy, you know, most of my clients, you know, have, or a fair percentage of them have college degrees, right? You, this is not like a college course that you can skip all year, stay up all night, study for the final exam, ace it and pass the course. You know, it is, it is the little incremental things that you do to build long term value in the business that will have major impact later. It's almost like, you know, Warren Buffets the value of compounding, right? And little changes you make today will compound over the period of, of many, many years.

Tom Bronson (25m 53s):

And when a lot of, you know, I would love to hear how you might answer this. People ask me all the time, when should I start exit planning? So, Justin, business owner, when should I start exit planning

Justin Goodbread (26m 4s):

Yesterday period. I don't care where you're at yesterday. The reason why I say that friends is because one thing is true, true. And it's old Latin term that says tempus fugit. In other words, time is flying. Time is fleeting. I'm sitting here now 30 years in business going where, man, where'd it go? My daughter's getting ready to go to college and just yesterday I was changing her diaper. Time flies. The reality is, is that we're, I go back to what I said at the beginning. If we're being truthful and we're being honest with ourselves, we're scared to death as business owners, there are things that are keeping us up at night. Whether that be that customer who's gonna leave, whether it's the employee that we're, that we love, that's going through a hard time. Whatever it is, there's something that's keeping us up at night.

Justin Goodbread (26m 44s):

The reality is, is until we start creating that exit plan, we're not gonna be intentional about driving that value. And life is going to fleet almost like sand through an hourglass. It's gonna go so fast. So whenever someone says, Hey man, I'm just getting started in business. I'm like, great, what's your exit? They like, they look at me sideways and I'm like, almost like a Catholic at a new gate, Tom, you know, like in the country. And they look at me like I'm a crazy man. They go, I don't even know what that means. I'm like, Okay, let's think about this. Let's vision where we're going. You know, think about this, friends, you would never, ever start

construction on a house without knowing exactly what you wanted that house to look like.

Justin Goodbread (27m 25s):

In fact, you would spend tens of thousands of dollars investing in your time and money into concepts and to architects and to professionals to help you picture this, get it in writing, and design a plan to carry that out to fruition. Why in the world would we take our number one asset, the single largest thing on our balance sheet and put it to bed, not even thinking about putting a plan in place for that single largest asset? Come on friends. So as business owners, whenever someone asks me that time, I'm like, I get passion, as you can tell. It's like, come on guys, I don't wanna be that statistic that we begin with. I don't even wanna be, I wanna be in that 4% of people whenever I walk away from the business or whenever I pass it down to my kids or employees or wherever it goes, all the various methods we can do.

Justin Goodbread (28m 12s):

I wanna know that I've left everything on the field that my coach used to say, I wanna know that I've given everything I could. And the only way that happens is if we start yesterday.

Tom Bronson (28m 21s):

Yep. I love that. You know, I, I often say to business owners that ask me that question, they say, when, you know, when did you start? I, I've done a hundred transactions, as you already know. We were talking offline. I've done a hundred transactions in business and we've been successful a hundred percent of the time. I never bought a business or started a business without first defining what my exit strategy was going to be. Because to me, exit strategy informs it doesn't replace, but it informs business strategy. If you understand how businesses transact in the space, then you could be making business strategic decisions that are going to improve the long-term value of the business.

Tom Bronson (29m 6s):

Now that doesn't mean that it always works out for me. You know, I've done in, in my last company that I sold in 2018 when I, before I actually started by buying that company and later on I bought 17 more companies and layered it into that. So we did a little bit of a roll up in the, in the restaurant retail and winery technology space. And, and the original exit strategy that I had when I bought that company had changed because the industry changed. And so we went from a, a multiples of earnings type of a, of a business. Two, suddenly in 2008 to about 2012, businesses were trading on a multiple of recurring revenue.

Tom Bronson (29m 51s):

Now, to a certain degree, some still do that, right? But, and then in 2012 it flipped back over. So, but, but knowing that and understanding how businesses transacted, that changed my business strategy each time those things flipped. And my point is to business owners, if you don't know it, if you don't define it up front and understand how things are trading, and then think about it on a regular basis, you won't know when market changes happen and you won't be prepared and you won't get what you want for that business. So,

so I'm like you, we start all the way back at the beginning, I never bought a business without or opened a business without understanding that exit strategy.

Tom Bronson (30m 32s):

Now, if someone wants to maximize, you know, if they're, if they're wanna maximize something, if maximization was something a business owner really wanted to do in their business, start working out in their business, what direction would you point them? Justin?

Justin Goodbread (30m 48s):

Yeah, that's a great question, Tom. So, you know, I, I was watching the other day, a sports team, a professional sports team, and I noticed that these professional athletes, what top 1% in the world of this particular sport, they had multiple coaches around them telling them, you know, some issues that they were dealing with. Now, what's amazing to me is the top performers in the professional athlete area have coaches eating coaches hitting coaches. If we're talking about baseball, running coaches, you name it. First thing we're gonna do is we're gonna say, get a coach. Get somebody who can look for your blind spots. Period. Number one, no question, no, don't pass, go. That is number one. I've had a coach in my life every since I sold my first business, I hired somebody from that point forward on all my other five businesses and they have yielded enough for me to maximize the values.

Justin Goodbread (31m 34s):

That's number one. Number two is you've gotta have an assessment. You know, just like whenever you go the dentist and they take an x-ray of your teeth to see what's going on, an assessment of your business, someone from the outside looking in, looking for the holes, looking for those things that you don't know. You know, we have that familiarity bias. They are gonna tell you, your baby's ugly. Get, get ready for it. It's coming. They're gonna tell you that you have some, you have some problems here. But as they look through that, what they're taking on is experience. You know, I've walked through a thousand different coaching meetings, that means I've gone through this episode now thousands of different times, I've seen a billion different ways, right? So I bring all that experience. If I'm coaching somebody, if you're doing the same thing, Thomas, you're coaching somebody, right? Yeah.

Justin Goodbread (32m 14s):

So you get coach and they do an assessment and they're gonna walk you through and then they're gonna prioritize, prioritize using all their knowledge and what your, what your goals and aspirations are. They're gonna prioritize the, the things that you need to focus on in order to gain you maximum value without going into fatigue. It doesn't do any good if we make it so hard. You can't, that you can't have those wins in the early phases, this game of business maximization, it is stinking hard. It is, is not for the faint of heart. If it, if it was easy, everybody would be doing it. Yeah. But those of us who put in the time, the effort, the money, the skill, hiring the right people to come alongside and encourage us, we can make these small incremental changes. Go back to that little pencil story I used earlier.

Justin Goodbread (32m 55s):

We can make these changes today and have multiplicative major influence on our business within a 12 month, not talking years, 12 month, 18 month, 36 months. I, I love to tell people when they say, Hey Justin, what is you do? And I say, this is my exact quote. I love to teach business owners how they can double their net worth every 36 to 48 months period. Because in business we can do that in business. When you couple in all the things that you teach about and all the things that our SEPA community teaches about, we know how to take somebody's net worth. We can teach 'em, doesn't mean they can, but we can teach you how to do it. Now it's up to you and your team to carry it out.

Justin Goodbread (33m 36s):

So whenever I'm talking to somebody, bro, that's kind of how I walk em through that.

Tom Bronson (33m 41s):

I love that, you know, when we engage with a client on an annual basis, we do a review of the enterprise value of the business. And you know, as we're, as we're working and we're coaching and we're meeting with our clients on a regular basis and, and they're making changes and it's starting to feel different, it's really an opener a year later, two years later, three years later at where we started in terms of enterprise value and where we sit today and they light up and they're like, Oh my gosh, this is amazing. Right? The things that we're doing. And so, so I'm a, I'm a big believer in, in having coaches. I think that is a, a great, great suggestion for business owners.

Tom Bronson (34m 21s):

So tell us, you know, before we wrap up here, tell us a little bit about your practice and how you help clients drive toward their ideal exit today.

Justin Goodbread (34m 29s):

Sure, sure. So as you mentioned, I'm the chief strategy officer of a company called Well Source and well source business advisors. Before I, before I sold, my company owned three different companies. They were a financial planning firm for business owners. It was a business valuation firm for business owners. And it was an education portal for business owners. And since I sold my company to well source the acquiring company, they now have me building out a business valuation, a business value acceleration company for business owners in the small business space. Just maximizing what I was doing before. And they also have a financial planning firm for business owners with business owners who walk through the planners planning process. They've been there, done that. Where I spend most of my time though is I love educating.

Justin Goodbread (35m 10s):

I I love doing this brother, this, this fires me up. You know, speak to people and keeping, you know, we business owners, we're tenacious, but we get tired and I love to try to motivate people, try to speak into it. So

I spend most of my time on the financially simple experience. You can Google financially simple. We have a podcast with just over 400, I think four 30 or 40 or 50 episodes now. We have a blog that has thousands, I believe of articles on it. We try to educate business owners. We've been writing books. And so what my challenge would be is, you know, you and I are both CPAs, is if somebody's listening to this and you hear you have this question, go to the blog, go to my blog and say check out, find just simple and say, Hey Justin, I had this question. Type it in the search engine. And if I don't answer that question, let me know because I wanna give a, an insight, find people like Tom, find people in our community, in the SEPA community who can come in and speak as professionals to the issues that we business owners face day in, day out.

Justin Goodbread (36m 4s):

So I would say that right now, most of my time is spent educating most of my time spent encouraging and trying to help business owners see there is a better way. We don't have to, we don't have to work for ourselves as a lunatic for 30 years and be broke. We can take a methodical way and we can see success for not only ourselves. Most, most business owners are extremely giving. We can see success for our team, We can see success for our customers, our vendors, our community, all through value maximization. So, so my challenge will be if you have any questions, reach out, find just simple. But that's where I spend most of my time at right now, brother, and I'm enjoying the fire out of it.

Tom Bronson (36m 43s):

That is awesome. Well, I've got one last business question for you. Sure. And at the risk of it being maybe similar to something you've already answered, let me ask it anyway cuz I ask every guest the same question. This podcast is all about maximizing business value. What is the, if you could only give one piece of advice, what's the one most important thing you recommend business owners do to build value in their business?

Justin Goodbread (37m 8s):

Decentralization of yourself from the epicenter of the business, and then fight like crazy not to get drug back into it every single day. You have to look at what you did that day that you can move to somebody else, either delegation or outsourcing, and get it off your plate and build systems and processes where that business can operate without you. Decentralization, in my opinion, on all my experience, is the number one thing that drives value faster than anything else.

Tom Bronson (37m 32s):

Yep. I mean, I'm sure you hear this like I do. I, I got a call a couple weeks ago from a, from an attorney in Alabama, you know, business owner died and it was probably eight or nine weeks since he had passed and his business was totally dependent on him. And they called and said, Hey, you know, we'd like to maybe, you know, look for a buyer. I said, Well, who's taking care of the customers and whatnot. Well, you know, look, the business went from being a, a re you know, could have been a valuable business at one time to being worth almost nothing overnight. And, and that is not the kinda legacy a business owner wants to leave

for their children, for their family, you know, to take care of them. So, so I agree.

Tom Bronson (38m 12s):

Get rid of that owner dependency and, and focus on building a business that's valued. Now, I, I can't let you walk away without asking my bonus question. I always ask this to our guest and I'm, I really am looking forward to hearing your answer on this. Justin, what personality trait has gotten you into the most trouble

Justin Goodbread (38m 31s):

In the year? Oh lord. Well, I'm a very unique, if you look at a Myers, if you look at like the discs here, I'm a business personalities. I'm a high D, very high D off the charts and a very low C So that means I'm extremely dominant, but I'm also detailed. I have no fun in my life. I don't have any I or any yes in my life. And so I'm, my wife is opposite. She's really fun to be around and she's systematic. I'm the opposite of that. The, the, the person I trait I have that I've I've gotten into trouble more often than not is driving a he without driving ahead in my dominant by dominance, charging hell with the water pistol and not calculating the wake of destruction I leave behind me or, or the attacks that come in as I do that.

Justin Goodbread (39m 16s):

So, so without getting that plan in place, it has caused me more problems. This cause me legal problems. It's caused me friend problems. It's called me family problems. So that's, that's my trait, man. But that's who I am. That's how God created me

Tom Bronson (39m 29s):

More than once. After an executive team meeting at one of my businesses, my, my executive director of HR would follow me back to the office and say, I don't think that came off the way you thought it came off

Justin Goodbread (39m 41s):

In

Tom Bronson (39m 42s):

There. Guilty. You, we may need to go and pick up some of the bodies.

Justin Goodbread (39m 47s):

The wake of destruction as I call it. Cause I, I mean, I'm a driver, let's go. I mean, I hope that's how I am. I'm like, I'm a hundred mile an hour, let's go, let's, let's charge that heel, burn the ships, right? Like Cortez said, that's who I am. So that's gotten me into more trouble. But it's also, you know, even our weaknesses are also our greatest strength. So my challenge to business owners is as, as they heard that question repeatedly on your episode, we're all thinking about that ourselves. But I will say that I probably wouldn't be where I am today. Had to not had that, that personality trait. Yeah. So it's learning to lean into it, but also try to minimize the wake of destruction that comes from that for me.

Tom Bronson (40m 23s):

Oh yeah. You know, I'm a big fan of, now I, we just recently did a podcast series on different types of testing, right. The personality testing and whatnot. And I took all the tests and, and of course I did disc. I am a di and so you are a ds you

Justin Goodbread (40m 42s):

Say I'm a d a dc

Tom Bronson (40m 44s):

A DC Yeah. You're on the, on the other side of the spectrum a little bit. So, but one, I'm a big fan of Culture Index and one of the principles at Culture Index and I were talking, I was talking about a business strategy that I had and what I was thinking of doing and whatnot. And he just started rapid firing a bunch of questions about the details where you would've already solved all that stuff, right? I'm, I'm not, details are not my game, right? And so I just finally looked at him and I said, My profile is Trailblazer. And he said, Oh, you don't give a crap about any of this stuff, do you? I said, No, I, I am, I am fire ready, aim.

Tom Bronson (41m 26s):

And so, yeah, I, you know, hey, we're gonna do this. We'll figure out how we did it later, right? And so, yeah, I love that. So that is great. How can our viewers and listeners get in touch with you,

Justin Goodbread (41m 37s):

Justin? Yeah, I'd say check out financially simple. The blog is out there, Financially simple.com. You can look at also the podcast is available on every, every episode. I would challenge you, you know, we've been talking about your Baby's Ugly, you can pick it up on Amazon. It's, it's, it was number one listed, number one on the Wall Street Journal. It was cool to see my name above many senators out there. That was pretty amazing. It was number 56 on USA Today. So, evidently it's worth reading. I'm, I'm told it does have my personality and I am just an old country boy, born and raised on a dirt road, live on a gravel road down east Tennessee. So you're gonna get a little bit of southern idiots and have some country life inside there. But I would challenge you to pick up a copy of the book Your Baby's Ugly, and, and apply the principles, work with your coach. If you're a client of Tom's, use that principle.

Justin Goodbread (42m 19s):

Listen to what Tom's saying. Listen to what the SEPA community's preaching into your life and talking to, cuz that will help you. And we can, we can, as business owners make a difference.

Tom Bronson (42m 28s):

Yes we can. So, hey Justin, this has been just a wild ride. I've had so much fun during this. Thank you for being our guest today.

Justin Goodbread (42m 36s):

Thanks for having me, Tom. Best luck to you and your listeners brother.

Tom Bronson (42m 39s):

Thank you. You can find Justin Good bread@financiallysimple.com or on LinkedIn, or of course you can reach out to me and I will always make a warm introduction to someone who I am confident will become a lifelong friend at this point. 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. Be sure to tune in each week and follow us wherever you found this podcast. So until next time, I'm Tom Bronson reminding you to learn as much about exit planning as you can by reading great books, written by certified exit planning advisors while you maximize business value.

0 (43m 25s):

Thank

Announcer (43m 26s):

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Tom Bronson (44m 10s):

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