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. I obtained my CPA certification in 2019. Earlier this year, I was invited to participate with other CPA authors in the author, showcase at the exit planning conference in Scottsdale Arizona, where I picked up some great books. In this episode, I'd like to welcome our guest Wayne Slavitt president and CEO of prime mark group, an exit planning consulting practice in Southern California.

Tom Bronson (1m 23s):

Now prime mark. I have to be intentional about the way I say that, cuz you got two M's there together. Prime Mark's mission is to grow company value. Their process is to maximize business value follow and it follows a smart approach that is strategic measurable, accountable, realistic, and time based by taking the mystery out of the concept of business value by simply focusing on, I love this two variables, profit and risk. That's awesome. So welcome to maximize business value. Wayne.

Wayne Slavitt (1m 58s):

Thanks Tom. Good to be here.

Tom Bronson (2m 0s):

It's so awesome to have you. I'm looking forward to this time together. So tell us a little bit about your background and how did you get started in exit planning?

Wayne Slavitt (2m 9s):

Sure, Tom, early on in my career, I have the pleasure of preparing several companies for sale. I I've been in business for gosh, over 43 years, evidenced by the gray hair. And I will tell you that about half of my career has been in running companies in some sea level responsibility, CEO, CFO, corporate controller. I became a corporate control at age 23, having no idea what that even meant to be a corporate controller. The other half, my career has been on advising companies. So early on in my career, I had started in public accounting and I can tell you honestly, I hated it.

Wayne Slavitt (2m 50s):

I left public accounting. I had published my senior thesis, which is so timely now what was called the liquidation of American business. And it was, was dealing with the rampant inflation that was present in the economy in, in the late seventies and early eighties. The CEO of a large holding company in New York got a hold of my thesis and asked my roommate's father from college who had just sold his company to this gentleman's company to hire me. And I became a CF corporate controller and over the next six years consolidated three of the five companies under in our portfolio together and then prepared and sold it off to a British company.

Wayne Slavitt (3m 32s):
And I really liked the process. I enjoyed the strategy that we developed. I enjoyed the preparation and I enjoyed the presentation of being able to work with a buyer, to be able to talk about the synergies that would be created through such a divestiture. And then I was lucky enough to finish that project. And then I was asked to be involved in another project to get a manufacturing company prepared for sale. And then I started my own investment banking consulting firm. We did valuation work M and a work and worked with always trying to find ways to take my client's existing company and let's make it better. What can we do to grow it?

Wayne Slavitt (4m 13s):
What can we do to enhance value? And that launched the career.

Tom Bronson (4m 17s):
Wow. Wow. That is a quite the round approach that gets you to where you are today. And it gives you a number of skill sets that, that are kind of necessary as you help businesses kind of build that value. I think it's hilarious that you became a corporate controller before you understood what a corporate controller was. If I got that down. Right. And I I've always, I don't like that name corporate controller. So I had, I hired a controller in my, in my last business who felt the same way about it. And she said, can we call it something else? Like VP of something else. Right. So yeah, I get it. So, so now I know you wrote your book recently, run it, like you'll sell it, adopting the seller's mindset to maximize the value of your business.

Tom Bronson (5m 7s):
What are some of the main thing? Now I have your book. Normally this is where I'd hold up your book, but I actually have your book on my, there you go. Perfect. I have it on my Kindle. I still read books on Kendall. Right? Wonderful. So that's where I downloaded it. And we're gonna give a link to that later on, on our website this week, where, when we publish this podcast, but so what are some of the main themes of your book?

Wayne Slavitt (5m 35s):
Sure, Tom, the, the book, if, if a reader takes nothing out of my book, but one idea it is the importance of being prepared. I get phone calls. I know you get phone calls from potential clients who say, Hey, I just received a letter of intent from a competitor. Can you help me close the transaction? Or I get referred by a CPA firm that says we have a client that just got, they were at a trade show and they got this letter in the

mail. And, and I say, I could do this in my sleep as you could do it in your sleep, Tom. But, but the question I ask, the question I ask is where were you? Three or four or five years ago?

Wayne Slavitt (6m 16s):
Because said we met each other prior to now and had a chance to really put into effect. A lot of what we talk about in the book that I talk about in the book, we'd be worlds ahead. So, so the book I'm using as a conversation starter, this is a conversation starter for CPA firms, wealth advisors, insurance, brokers, anyone who touches business owners to have that conversation, let's get this, let's get it started. We know that one day, every business owner will no longer own his or her business. It's inevitable. So if you know something is going to happen, why not plan for it? So my book talks about it gives us some education in terms of, of the whole process.

Wayne Slavitt (7m 0s):
It talks about the, the most important thing in terms of maximizing value is risk. We talk about business risk a lot and, and the way we define business risk, Tom is any aspect of the business that will make it difficult for a buyer to predict the future. And we wanna identify as many areas of business risk as possible because these are the things that do end up coming up for the first time in due diligence. And that's when buyers then have second thoughts. And they're either going to retrade by reducing the price or terms, or they may just back out of the deal. And so reading the book, it's a quick read, 138 pages.

Wayne Slavitt (7m 44s):
There's even a couple of graphs in there to take up a little more space. There's some great stories in the book. People love reading stories and, and I have gotten only five stars on Amazon. People who have rented just love the book. It's an easy read. I tell people, please don't expect my book to receive a Pulitzer prize. It's not, but it will help you. And it will guide you. And it will help that business owner who has not been through the process before, which as you know, is most of them, it's a one time event for most people in their lives to sell a company.

Tom Bronson (8m 13s):
Yeah, there aren't many people like us who participated in a lot of transactions, you know, it really is a once in a lifetime event. And so it's really important to get it right. And in order to get something right, you gotta be ready. You gotta practice right. You, you that's right. You've gotta do those things. So I, I love the fact that that your number one goal is the importance of being prepared. You know, I get the same calls from, from our clients. You know, I just got this offer. In fact, here's a, here's a funny, quick story this week that we're recording this. I just happened to speak at a conference in Florida. And one of the major suppliers at that conference that week was sending out offer letters to buy up some of their channel partners.

Tom Bronson (8m 57s):
And so suddenly I'm getting like a, just a slew of questions, right? Because suddenly all these businesses

are in play. It's the same question. What what's happen? You know, why didn't you call me years ago because we can make this process easy. One of the things that I think is so important about being prepared is that if you're, if you're genuinely prepared, you can make due diligence go faster. Yes. And I think due diligence, which is that by the way, for our audience, that investigation period, once you settle on sort of an agreed price subject to due diligence, that's when the buyer comes in and examines all the books, by the way, in my opinion, due diligence is there to really find ways to adjust the price.

Tom Bronson (9m 42s):
So they close everything certainly seems to

Wayne Slavitt (9m 45s):
Be the case.

Tom Bronson (9m 46s):
Yeah. And so, so, but they go through that due diligence and the faster due diligence can go, the better off the outcome is going to be. And the longer it goes, sometimes due diligence is a deal killer because it has to drag on because the seller is not prepared to provide all the information to the buyer. And the longer it takes, the more questions they're going to ask absolutely makes the process go longer. So that whole subject of, of being prepared, I, I cannot emphasize that anymore. I just think that that is absolutely one of the most important things to, to do.

Tom Bronson (10m 26s):
You know, it's ironic that if you ask a hundred business owners, what their exit strategy is, they'll say that they're gonna sell their business in three to five years. It's pretty much a universal answer, but they say that for 15 years before they actually take action. So that's right. And it's because they're not prepared. So I just wanted to, I, I wanted to highlight that and emphasize that I want folks to go buy your book because being prepared is so important. What, what was your inspiration for, for writing the book?

Wayne Slavitt (10m 55s):
Tom? I would say it was two number one. I've always wanted to be an author. I, I love, I love writing. I, I, if you go onto my LinkedIn page, you'll see, there's a lot of articles that I've written. I enjoy that process. I enjoy teaching people, but the second reason was I wanted to have a tangible product that I could use for people to get the conversation started. That's what I wanted to have. I wanted to have something that people can refer to, people can periodically pull out and read a section and, and refer to it and educate themselves. And I wanted them to be able to know that if they then wanted to go forward, that they knew a little bit more about me than they, they would've otherwise by reading my book.

Tom Bronson (11m 38s):
Yeah. To me, it's similar. It's, it's almost like it gives you credibility. Right. You've written a book. You've,

you've published a book about this and it's, as I tell folks, it's really a very expensive business card, right. It, it tells what we do and, and, and kind of explains kind of the reasons behind that. And, and I'm gonna, I've read your book and, and folks can, there's actionable stuff in this book. You can do it yourself, right. For those of you who are BI wires. And so, so, so I, I like that now. I love kind of the major divisions of the book as I was, as I was reading it in preparation for this, the, the preliminaries, the planning phase, the selling phase.

Tom Bronson (12m 22s):
Now that's kind of the major divisions of the book and the preliminaries. You attack some of the obstacles faced by owners trying to sell businesses. Yes. Which, which our mindset, readiness and valuation. Now we've already kind of talked about readiness. So in the, in the opening of the book, you talk about 80% of attempted transactions that fail to reach the finish line. I say it's 83%, but, but we're both in the ballpark there. So, so how big a role did those? Three things, mindset, readiness, and valuation play in leading to that huge. What I consider to be just an abominable failure rate, 80%, 83% that fail.

Tom Bronson (13m 5s):
How, how big are those three things, mindset, readiness, and valuation.

Wayne Slavitt (13m 8s):
I think they're critically important. And I, when I give presentations, I, I tell people, if you were a baseball player, you would never get off the bench. You know, you're, you're not very effective of a, of a player. So readiness readiness is so important. We've talked a little bit about that, but let's talk about mindset for, for a moment. And the, the thing I equate to the mindset is a go bag. I live Tom in Southern California. We have earthquakes and we're all prepared for, we have earthquake kits in our car as we have earthquake kits in our houses, and we have that go bag ready. So if we have to leave, we grab that go bag. And, and I tell business owners, you do not know when you may receive an unsolicited offer.

Wayne Slavitt (13m 52s):
You do not know when that might happen. So if you do though, know that it might happen, why wouldn't you be ready? Why wouldn't you be prepared? I talk about the example of a house. Tom, if you woke up this morning and decided you were gonna sell your house, would you put it for sale sign up in your yard today?

Tom Bronson (14m 12s):
No, probably not.

Wayne Slavitt (14m 14s):
Probably not. You would, you would likely interview a couple of real estate agents. You would select one, you would invite him or her to your house. Then you would walk the property with this person and take notes of comments that this person might make. You know, landscaping in the backyard could use a little bit of a

improvement that the roof tiles are coming off going inside the house. Perhaps there's a stain in the carpet, and maybe there's a chip in the sink, but you would put together a punch list of things to address before you open the door for open house. And why won't a business owner. Do this. A business owner should definitely do this because when you think about asset values, for most company owners, the business represents the most valuable asset in their portfolio.

Wayne Slavitt (14m 58s):
So why not treat it as well? If not even better than you would treat the sale, your house. So mindset is important and I call it the seller's mindset. And that's, that's being in a constant state of readiness to sell your business, taking fully into account, into account what the buyer's requirements and perspectives are going to be always asking the question, how is a buyer going to react to that? We ask that question an awful lot, every major decision that we face with our clients, we're always gonna ask, how is it going to affect the buyer's perception as we, as we present the company down the road to a, to a potential buyer.

Tom Bronson (15m 41s):
Yeah. You know, and mindset, too. It to me is, is mentally preparing for that transition because I don't know what, I don't know if your experience is the same as, as mine, but I think it's fairly universal that that sometimes owner mindset kills deals because they, they think they wanna sell their business. They've now gone through a process that's 3, 6, 9 months long. They get close to the end and they, and they clear the deal because mentally they're not ready for it. And just had one happen a couple weeks ago.

Tom Bronson (16m 21s):
So it's fresh outta my mind. I'm doing a buyer representation where the seller basically killed the deal just because of the emotional side of it. And so you prepare for the emotional side of selling the business as well. Especially if you, if this is, if the business is your baby or if your business is, I don't ever treat it like that. But if it is, then, then you've got that emotional setup. Now, valuation talk a little bit about that whole valuation issue. Because what I find is that most business owners truly have no idea what their BA business is really worth.

Tom Bronson (17m 3s):
They've got in their mind, some number that they want to get, but that those, those are rarely align, right?

Wayne Slavitt (17m 8s):
Yeah. I, I think most buyers know exactly what the value is. They think it's worth more than it actually is. Right. But, so, so in this process, I try to help educate a business owner as to how it's going to work. Particularly if we're dealing with sophisticated buyers, which is, you know, these days, almost all buyers are, are sophisticated, right? They're, they're coming with, they're gonna do quality of earnings analysis. They're gonna spend a lot of money. They're gonna kick the tires hard. So the, the process is, is rather in, in rather deep. But what I do for my clients is to, is I break down what is value? How do we determine value? So, as

you know, and this is why I focus on the two variables of, of EBITDA earnings before interest tax appreciation and memorization, I called that the currency of the deal business.

Wayne Slavitt (17m 56s):
And then, and then we talk about risk and why is risk important? Because risk, and you'll see in the book, I've got the formula there, the risk, the one over risk is the multiple. So when you're talking about your level of earnings that you, that you earn in your company, and then you look at the multiple, that a buyer is willing to pay the multiplication of those two variables equals the value. So what we wanna do is we want to be able to grow earnings as much as we can. We want to be able to reduce risk as much as we can, because the impact of reducing risk increases the multiple and multiplying a higher multiple times.

Wayne Slavitt (18m 36s):
The higher earnings has a compound or what I call in my book, a turbocharged impact on value. And that's what we want to be able to deliver for our clients. Otherwise they don't need our help.

Tom Bronson (18m 46s):
Exactly. Exactly. Well, we're up against a break. We're talking with Wayne slit. Let's take a quick break. We'll be back in

Announcer (18m 54s):
30 seconds. 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 (19m 36s):
Now is that time get started today by checking us out at www.masterypartners.comoremailusatinfomasterypartners.com.

Tom Bronson (19m 50s):
We're back with Wayne. Slavitt a certified exit planning advisor and author of run it like you'll sell it, adopting the seller mindset to maximize the value of your business. So I think it's important to point out here that the CPA designation does not have one, meaning like all CPAs are not in the same specialty. There are CPAs that are financial planners and wealth advisors. There are CPAs, there are attorneys and there are value advisors like us here at mastery partners. Your firm is what we would call a value advisor. So what sets you and your firm apart from other value maximizers?

Wayne Slavitt (20m 34s):
Tom obviously is rugged. Good looks. I think

Tom Bronson (20m 38s):
I thought you were gonna say more hair than me

Wayne Slavitt (20m 41s):
And modesty by the way. Also yes. Me point out modesty. Yes. Well, clearly people who are, are in the space, you know, we're all trying to find ways to do well by our clients. We're trying to find ways that during our engagement, we are adding value and specifically we're improving the value of the business. So we we're all doing that. How we go about doing it is different. There's the, you mentioned the exit planning Institute's CPA program. It's a week long program. I took it not to learn a lot, but to maybe, maybe understand concepts with a little bit more rigidity, a little bit more formality.

Wayne Slavitt (21m 23s):
And that was, it was helpful also to be able to network and meet more people. Very helpful. But I didn't, I didn't like any of the off the shelf software packages that the E P promotes and I tried them all. I said, let's, let's go try. 'em all, let's get a trial version. Let's talk to the people, let's understand what the quality of support's gonna be and what have you. And quite frankly, Tom, and this isn't hopefully coming off rude or not, but I just didn't. I didn't like any of them. I, I just didn't think I thought one of 'em, as a matter of fact, I won't mention their name. I thought one was like a cult where you had to go to their summer camp, if you will, and learn their and learn their, their specific techniques. And I'm sure you have to wear their sweatshirts and their use their pencils and all that.

Wayne Slavitt (22m 4s):
And I just decided at my age, just don't drink their Kool-Aid. No, and I, but at my age, I'm figuring that's not for me. So, so I figured out what was the, what were the two most important things that I took from the CPA training? One was risk understanding risk. And the other one was, what are we gonna do with that risk to get the client's company at a much better position over time? So I created my own proprietary risk assessment. I, and I tailored it. You'll appreciate this, Tom. I tailored it after the due diligence process. So, so, so my, my theory was, or my thesis was, let's try to anticipate all of the questions that a buyer is going to ask in due diligence.

Wayne Slavitt (22m 49s):
Because if you wait to ask them until you get into due diligence, then you support what you mentioned before the break. And that is that you may be in a situation where you're gonna have the buyer back out or retrain or do any number of things, because what buyers tend to discover are not the good things. Buyers tend to discover the bad things. Lawsuits, you forgot to disclose workers comp XMO of 200, a high turnover

among the management staff. Things that you probably should have told em upfront, but you didn't and they'll, they will discover it. And then they have a problem with it. So I tailored my proprietary risk assessment scorecard. I call it a scorecard after the due diligence process, it's 145.

Wayne Slavitt (23m 34s):
Yes or no. Questions takes about two hours to complete covers 22 areas in the company. And I can either have my client do it in their office by emailing them a link. I can do it with them, whatever they want to do do after that is done. So that's the first thing. The second thing we then do is create a prioritized action plan. So from the risk assessment, we're going to identify most cases, 10 to 15 areas of risk that we need to address and hopefully eliminate, but at least reduce before we go to market. And so we're gonna extract the most important ones, the first five or 10 of those we're gonna extract and put it into a prioritized action plan. That looks at what we learned in, in the CPR program.

Wayne Slavitt (24m 14s):
The 90 day sprints, we're only gonna look for 90 days and that's a great timeframe for most business owners because they're busy. And if you said to them in the next two years, we're gonna do this. They will recoil. They, they, they will, they will say, no thanks. But if we talk in 90 day terms, it's much more digestible. So those are the two things that I focus on. I'm not saying what I do is unique, but I am bringing to the table with every one of my clients, not just my experience as a consultant about half my career, but the other half of my career also as a business owner. And I know what it's like to sign the front of a paycheck. I know what that business owner is going through. I know the additional burden that our process is going to create and tax them for.

Wayne Slavitt (24m 58s):
And I'm sensitive to that going forward. So maybe that's a little bit of a difference in how I might operate.

Tom Bronson (25m 2s):
Yeah, no, I, I, I really enjoy hearing about that. It's very similar to our approach and just like you, without naming any names, we evaluated all of the other softwares out there too. And I just felt like they having been an entrepreneur, who's done a hundred transactions. I just felt like they were, they were light for what needed to be done in most cases. Right. And so, and, and the way I tested them was, and then by the way, this is not just a, an indictment of folks that use that, cuz that, you know, if there, there are many folks that use those other softwares out there, but the way I tested them was to put some of my actual businesses through their software and what the outcome was.

Tom Bronson (25m 51s):
And, and I was surprised and dismay the results. And, and I said, you know, we had actually already developed our own process anyway, because I didn't take the C CPA certificate course and certification until after we had already developed our own intellectual property. But what it served to do was validate the same

thing. Ours is, ours is slightly longer. It's about 400 and some odd questions that we ask, but, but I love the approach that you're taking there and asking those questions. Ironically, ours is also modeled after due diligence. I want to ask those questions in advance, right?

Tom Bronson (26m 31s):
You bet to find out where they are. So you bet. So I love your approach to have you do this. What is the ideal timeframe that, that it takes to prepare a company for an eventual transition?

Wayne Slavitt (26m 43s):
Well, the, the magical three to five years is always something I want. I I've had eight years with two clients and I, and I will tell you, we weren't working on exit plan in the whole eight years. I, one company I was brought in after they discovered an embezzlement by their controller who was clever enough to over a 12 year period of time embezzle about a million dollars from the company. So I was brought in to help stabilize things, to bring in a CFO, to determine the dollar magnitude. They hadn't known it up front and then get the company stabilized. And then as you know, with consulting, you do a good job and they want to give you more to do, and they want to bring you into other discussions and all that.

Wayne Slavitt (27m 23s):
So then we were able to then eventually get the company ready for sale, but we could do it in less time. I've got a couple of projects now where I have an owner, one case owner's 68 and does not wanna wait three to five years. Doesn't have the bandwidth, doesn't have the fuel in the engine and wants us to go to market by June of next year. So I said to her, I said to her, I'm comfortable doing that. As long as you're fully aware that we're not gonna be able to be as effective as we would had. We had the timeframe that I normally like to have on there. So it's, it's compressed. It's a little more wild. I, I meet with the client twice a week, if you can believe that.

Wayne Slavitt (28m 5s):
Wow. And very hands on cuz in the process we decided we needed to promote the director of operations to the COO position. And then in line to become CEO, hopefully very accelerated. So I'm doing a lot of mentoring. I, another one of my colleagues, we're, we're really under trying to understand the whole people dynamics and how that impacts things. As you know, that's an important part of the business, but answering your question, ideally I like three to five years. Don't always get it. Yeah. Don't always get it.

Tom Bronson (28m 35s):
Yeah. I love the ones that, that call us long in advance of that because the, the longer, and the fact that you've done had clients that you've had for, for eight years, the longer in advance that you start preparing for this, the better the outcomes, right? You can continue to multiply the value of the business as long as you're working on those things and the right things. Our longest term engagement is 15 years. We actually, we, we signed a client at the, at the, a beginning who had just turned 60. And when we were talking about what his

exit strategy was, he said, I wanna sell it when I'm 75. Wow. I went, wow. Okay. So we have a lot of time, but imagine if you will, over a 15 year time period, and we've already multiplied the value of his company.

Tom Bronson (29m 21s):
Oh, I

Wayne Slavitt (29m 22s):
Can imagine

Tom Bronson (29m 22s):
A 15 year time period. I mean, it's really gonna be exponential, you know, the things that you can do. So, so I, I agree with you. I, that three to five is ideal. We do wind up with clients that are, that are shorter timeframes than that. And you know, perhaps an illness or something causes that to be important. But you know, it's the other thing that, that I, that I meant to mention earlier in the first half, when we were talking about, you know, the readiness accidents happened, right? And, and I just a week ago, I got a call from an attorney who's representing the estate of a business owner that passed away and the family doesn't know what to do with the business, cuz nobody knows anything about the business.

Tom Bronson (30m 8s):
And I'm like, you know, every day the value of that business is, is as we like to say, it's like a gallon of milk every day, it's getting more sour be right. And at some point that gallon of milk is worth nothing. And so well,

Wayne Slavitt (30m 25s):
And you, you mentioned these unforeseeable events, death, disability, disaster, disagreement, those five DS that we talk about. Yeah. They are very, very real. And the problem is you cannot tell me when they're gonna happen.

Tom Bronson (30m 38s):
Yep.

Wayne Slavitt (30m 38s):
And yet we, and yet we know that we know they could happen and they, in some cases there's a high likelihood they will happen.

Tom Bronson (30m 44s):
That's it that you know that, and that's the true. And so, but the better off prepared you are in advance, right. When something like that happens, the better off your family will be as a result of absolutely. Of your planning and preparation. You know, we like to do a, what we call a green box exercise where we, where we write a letter to the family about, oh yeah, let's talk about the business and let's, you know, and what needs

to happen and where things are and all of that stuff. Sure.

Wayne Slavitt (31m 12s):
Very

Tom Bronson (31m 12s):
Important. So, well, what about your ideal client? What is kinda what give us some of the parameters of what your ideal client looks like and maybe industry they're in or

Wayne Slavitt (31m 22s):
Whatever. Sure. So they, they must be successful in years past I have done workouts and turnarounds was very good at keeping companies from going into chapter 11 or helping them emerge out of chapter 11. Don't do that kind of work anymore. So companies gotta be successful. And the, the other element that is probably much more important is I have to like you and, and I wanna work with people who are ethical, who are honest, hardworking that are nice people to do stuff with. This is an intimate process. This is gonna be a process we're gonna spend a lot of time. You talk about the emotional aspect, which is such a critical, important part.

Wayne Slavitt (32m 5s):
As you know, when the CPA training, Tom, we talk about the post sale life of the owner. What, what are they gonna do? Are they gonna golf every day? Are they gonna, are they gonna travel all the time? Whatever they, we need to talk about that. Because as you know, these business owners are coming off a hamster wheel, they've been pedaling for decades, really fast. Their identity is tied up in the business and all of a sudden we're gonna take the keys away from them and they don't have a place to go to the next day. I, I, I had a client whose company we sold to a public company years ago. It was 11 o'clock at night. We were in my office going through the paperwork that was gonna be signed the next day for the sale. And all of a sudden he starts crying and I said wrong, are you okay?

Wayne Slavitt (32m 47s):
Is there a problem with the deal? We don't have to do the transaction. And he said, no. He said, you know, I started this company 32 years ago and I just realized it just hit me that tomorrow after we sign all these papers, I'm not gonna own the company anymore. This, this is my baby. This is my life. And we, and I feel bad. It was early on in my career. I didn't know how important that was to talk about the post sale issue. That is, that is just a very, very important part of it. And we, you cannot minimize that.

Tom Bronson (33m 19s):
No, I, I completely agree. So, so, you know, in my story, in my book, in the last chapter of my, of my first book, I talk about part of my motivation. And that was that my father sold his business at 55, got a, a very nice exit when he did. And, and he died three years later. And while the official cause of death was cancer,

he'd battled cancer for 21 years. I think he gave up on himself because he, he really had lost his value. His value was tied up in that business that he spent 30 years growing. Right.

Tom Bronson (33m 59s):
And so, so that is so very important to kind of get that whole mindset. Right. The other point I wanted to make is like, you, we don't work with jerks. So that's, that's one of our core values. We don't work with jerks. Right. And so that's,

Wayne Slavitt (34m 16s):
I think it's important. You asked about size though. So the, the, the company has to have a minimum of 5 million in annual revenues. Okay. And we, and we typically go up to a hundred million. There's a lot of companies in between five and a hundred million. So that's a pretty good part of the market. And in terms of industries, I have done work in manufacturing, distribution services, real estate technology. Healthcare had some fascinating projects, as I know you have. And, and I find that the work that I do, the work that you do is really agnostic to industry because we're not trying to become an expert in our client's business.

Wayne Slavitt (35m 1s):
We're trying to understand what drives our client's business so that we can number one best affect positive change and number two, best communicate what they do and what their unique story is. And I have a chap chapter in my book called telling your story. If we, we have to understand the client's business, to be able to be a good transmitter of that story, to potential buyers. So I, I I've been doing it. You've been doing this for a long time. We know what kinds of questions to ask. We're both very probative. We, we like interviewing. We like understanding. We like challenging. And every one of the projects I work on, I tend to, to come up with some aha value, add item to my client where they say, God, where did you come up with that?

Wayne Slavitt (35m 46s):
And all of a sudden, now I got, I, one of my recent new clients got them to totally reorient how they look at revenue. They, they were siloing it the wrong way. And I was able to just come in there and ask a series of questions and try to remove a lot of the dust and the dirt and the, and the decay, and be able to say, well, here's what we really do. And it's really two silos. And the CEO, the sole owner of the company looked at me and she said, wow, we didn't know that. So, so I think that just comes from years of experience. We've done a lot of different things. We can bring that experience into the fold and, you know, the, the best definition I ever heard of an expert, Tom, is someone from out of town, right?

Wayne Slavitt (36m 29s):
My best, it's the best definition. And we can come into a project without the emotion, without the history, without potential pettiness that might exist in a company. And we can come in and clearly be able to get down to what drives the company, what creates revenues, what creates expenses, what drives cash flow, and be able to understand that, and then set forth a plan. That's gonna take the company from what I call

point a to point. Yay. And that's what we're trying to do.

Tom Bronson (36m 57s):
ATA. I love it.

Wayne Slavitt (36m 58s):
ATA.

Tom Bronson (36m 59s):
We do work with clients smaller than that. You and I are in similar areas, but, but, and we typically were limiting ours to 10 million to a hundred million, but I found that we actually have a lot of clients that are sub 5 million and, and a few that are even less than a million in revenue. Another important part of it is that they can afford to pay for it. Right. That's

Wayne Slavitt (37m 21s):
Exactly right. It's

Tom Bronson (37m 22s):
Our work. Right. But, but, but I find that even those small businesses, which, which is where the vast majority of businesses lie, yes. Those small businesses they need help to. And so I'm glad you could follow the way down, you know, kind of to that area. I bet you'd be willing to go a little bit lower if for the right business owner that

Wayne Slavitt (37m 40s):
You bet you bet. If there's a good, a good story to tell and a good trajectory. One of, one of my, one of my clients we took 'em on, they were doing 4 million in revenues. They're now gonna do 32 million and that's three years.

Tom Bronson (37m 52s):
Wow. That's awesome. That's amazing. So if they

Wayne Slavitt (37m 54s):
Have a good story to tell, and, and we're just, we're just a little early, early on in their story. That absolutely. But you're right. The fee structure is such that companies that do are too small, don't have the financial resources and it would really be unfair. I just don't wanna have that conversation with them. So I basically just set a level of minimums that I think sets forth a certain amount of critical mass to be able to afford our fees. Not that they're absorbant, but the other thing, not just absorb, afford the fees, but to be able to devote the time as you're bench, deep enough, to be able to do some of the things we're gonna want to do with the company between now and then.

Tom Bronson (38m 29s):
Right. You know, and it's, I think it's important to point out that I don't take a million dollar business that wants to be a million dollar business. Right. Right. I only take clients a million dollar business that wants to be a hundred million business, you bet. Right. Or at least a 10 million business. Absolutely.

Wayne Slavitt (38m 44s):
So,

Tom Bronson (38m 44s):
So I think that that's, you and I are, are similar in that. Well, one last business question here, and that is, this podcast is all about maximizing business value. So Wayne, in your experience, what is the one most important thing you recommend business owners do to build value in their businesses?

Wayne Slavitt (39m 2s):
Well, if I had to pick one, you know, I, I base our work on maximizing business value on two variables, earnings, and risk, but of those two risk is critically more important. Cuz if we can get our hands around the risk factor, identify and then reduce and hopefully eliminate as many aspects of, of, of risk as possible. So that when we are gonna go to market, the buyer sees this company and says, wow, this company's in really good shape. Then we know along the spectrum of multiples, we're gonna be able to move up and, and hit the higher end. And maybe even the high end of that multiple range, because we're delivering a much better quality company than the buyer would otherwise be able to buy.

Wayne Slavitt (39m 46s):
So risk is better. And this is, I know you're trying to wrap this up, you know, in SEPA, we learn that many times the great work that we get to do with our clients in preparation for sale, oftentimes leads to a decision. I'm not gonna sell my company. I'm gonna hold onto it because wow, look what you guys have done. You've minimized risk. You've grown my earnings. You've increased my value. I now have more resources to invest in my company. I think I'm in for at least another cycle. And that's, that's another victory for us, right? That's one we can say, wow, it was really worth it. And so the, the result of doing these positive things, and if you focus just on one and wanna focus on risk reduction, you will deliver a much higher quality company at the end of the engagement where a client says I'm in it for another cycle.

Wayne Slavitt (40m 32s):
And that's, that's, that's a good day.

Tom Bronson (40m 34s):
Yep. Absolutely. I agree. Cuz we, that four step for us, which is, you know, we call it decision time, are you having so much fun and, and enjoying it more and, and making more money and you wanna just keep going

and you bet we have no pressure. We, we want the best outcomes for our clients. And so

Wayne Slavitt (40m 53s):
Absolutely right.

Tom Bronson (40m 55s):
Well, I can't let you off the hook. You know, we gotta ask you our bonus question and that is what personality trade has gotten in you into the most trouble through the years.

Wayne Slavitt (41m 5s):
Ha I would say honesty. I don't mind speaking my mind. I am very honest with my clients. I'm polite, I'm constructive, but I am direct. And I, I tend to find that that maybe not everyone is necessarily ready for as much of the truth as I want to impart, but I'm not shy. You're not shy. I never was shy and much to the chagrin of my mother. I was never shy.

Wayne Slavitt (41m 45s):
But I, I think sometimes that could be a little bit much for someone, but then they really understand that the intended outcome is to get better that we're doing this. The reason, the reason you work out and you lift weights is to damage your muscle so they can get stronger. And, and so this process is similar to that. We wanna take a company in its current state, identify where we need to improve, implement a plan to improve and then let's measure and see how we've done. And so along the way we're gonna, we're gonna potentially bump heads, but more often than not, we're gonna get along really well because we're all gonna be shooting for a common goal.

Wayne Slavitt (42m 25s):
And we're gonna be able to tangibly prove that the results of these efforts really had a positive impact on business value

Tom Bronson (42m 32s):
Honesty. In my case, it's it might be brutal honesty because I'm, I'm not, perhaps it sounds like you are sometimes maybe perhaps more tactful in your honesty than, than sometimes I've been accused of being. So it's not true. Of course the people

Wayne Slavitt (42m 48s):
We both, we both mean well though, don't

Tom Bronson (42m 50s):
We that's exactly right. So how can they, how can our viewers and listeners get in touch with you?

Wayne Slavitt (42m 56s):

Well, certainly go to my LinkedIn page Wayne S slit or go to our website, prime mark group, all one word prime mark group.com. We mentioned the book. If, if any of you out there are business owners with revenues of at least 5 million in revenues, or if you're a service provider, a trusted advisor who has clients in that area go onto the website, click on the book and you can get a free copy sent to you. You can either download it yourself in, in a Kindle format or you can get an actual copy and I will autograph the copy sent to you. And I sign all my books with two words start today.

Wayne Slavitt (43m 38s):

That's how I, that's my recommendation. If we start tomorrow, we've wasted a day already. So let's, let's forgive the fact that we, that we haven't started yet. And let's start today.

Tom Bronson (43m 50s):

I love that. I love that. Now wait a minute. I'm a little pissed off because I bought your book, right? Ah,

Wayne Slavitt (43m 55s):

Yes. Thank you. We appreciate that. That's you know, to wear, to wear a jacket like this and a shirt doesn't come easy.

Tom Bronson (44m 2s):

Exactly, exactly. So that's great. You're, you're giving it away and I love that. So thank you Wayne, for being our guest. This has been a really fun ride today.

Wayne Slavitt (44m 12s):

I've enjoyed it, Tom. Thank you so much and continued success to you for the rest of the year.

Tom Bronson (44m 16s):

Thank you. You can find Wayne S Slavitt at prime marketing group, all three

Wayne Slavitt (44m 21s):

Prime prime prime, mark

Tom Bronson (44m 23s):

Prime. Oh, prime mark group, right? Prime group. Thank you for that. Correction. I'd send people to the wrong place. Prime mark group, all one word.com or on LinkedIn. He said, and of course you can always reach out to me. And I will be happy to make a warm introduction to someone who I recently met, but I feel confident is gonna be a lifelong friend from here on in. So 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 books written by certified exit planning advisors while you maximize business value.

0 (45m 16s):
Thank

Announcer (45m 16s):
You for tuning into the maximized business value podcast with Tom Bronson. 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 on their terms, learn more on how to build long term sustainable business value and get free value building tools by visiting our website, www dot mastery partners com that's master with a Y mastery partners dot check it out.

Tom Bronson (46m 1s):
That was perfect. I wouldn't make any changes on that.