



MAXIMIZE BUSINESS VALUE PODCAST - EPISODE 5 Transcript

Announcer: 0:00

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 was 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 Tom Bronson.

Tom Bronson: 0:00

Hi, this is Tom Bronson and welcome to the Maximize Business Value - a podcast for business leaders who are passionate about building long-term sustainable value in their businesses. In this episode, we're going to talk about the current environment for Mergers and Acquisitions and the impact of COVID-19 on the M and A ecosystem. I'd like to welcome our guests for this podcast. It's Dan Ver Meyer and Larry Lane. Dan is an investment banker with CFA Worldwide and Larry is the owner and a business broker with VR Business Brokers. The roles of business brokers and investment bankers are very similar in M and A. To me the biggest difference is typically it relates to the size of the business and the size of the transaction and how the business is marketed for sale. here's more to it but that's a good enough place to start. Both Dan and Larry are located here in Dallas but they work with clients nationwide. I've gotten to know them a little bit over the past year and I look forward to hearing their thoughts and insights today. Welcome to Maximize Business Value, gentlemen. Uh, let's start with Dan. Dan, tell us a little bit about CFA and the role of an investment banker.

Dan Vermiere: 1:55

Well, thank you, Tom. And thanks for having me on the program. CFA is an investment banking firm. We operate in the lower middle market, which we defined as under 250 million in revenue down to about 10 million in revenue. We tend to deal with healthy businesses. We don't do a lot with startups or distressed companies. CFA is over 60 years old. We have a dozen officers in the US and another dozen in Europe and Asia. About 4000 transactions under our belt in a lot of different industries. Um, and CFA is a securities license firm which is important for this type of business.

Tom Bronson: 2:35

So how did you get into the business of investment banking?

Dan Vermiere: 2:41

Yeah, well, my story is pretty similar to the other dealmakers at CF. A were kind of a boutique firm, which means most of us have some significant business experience. Most of us have owned and operated businesses and sold them and got hooked on the transaction business. I ran a sales and marketing organization for a technology firm, and the marketing side of that started getting into alliance relationships and partnerships. Some of those partnership started to look like good acquisition targets. So I led that corporate development program and we did several acquisitions. And then we did a NASDAQ IPO. And then we sold the whole company. And from there I joined the investment banking world and have been there about 20 years.

Tom Bronson: 3:25

Awesome. So, uh, tell us in from your perspective, what's the difference between an investment banker and a business broker?

Dan Vermiere: 3:34

Right? Well, you touched on it originally, you said the size a lot of people think about. The difference is all about size of businesses. Some studies tend to use of five million revenue as the dividing line. Um, there are a lot of businesses out there with less than five million revenue, and that makes up about 80% of the transaction volume, but only about 5% of the value. Um, we see the difference as primarily in the process that we used the investment banking processes typically aimed at getting a premium deal for the clients,

creating a market for a business that is the liquid and doesn't have any market. Um, and so we try to bring multiple buyers to the table at about the same time and create a silent auction effect all in a very confidential manner. We don't set an asking price. We don't post anything on the Internet. It's all very confidential that way, if you think about it, there are some differences in types of sellers we deal with were typically dealing with a corporation that has a board rather than a company that's owned by an individual. We deal with different types of buyers were often dealing with a private equity group or a corporation, Um, versus maybe an individual that's a buyer, and the financing is a lot different are our world has multiple layers of capital in the stack. Senior Moez preferred equity, those types of things and generally the way we get paid in the way the fees or charges a little bit different. Um, oftentimes in the investment banking deal, there's a whole village of people involved. Usually that business owner has advisors that have had long term relationships with him. And so we're often in the role toe quarterback that deal and sort of manage this team of advisers and collaborate as a group.

Tom Bronson: 5:28

Awesome. Awesome. Now just a follow on to that. I know a lot of investment bankers also raise capital, right? Not not a sale, but just raise capital. And maybe you said that and I missed it. But is that part of what an investment banker does

Dan Vermiere: 5:43

it is, And it it kind of varies from firm by firm or even banker by banker as to what they want to specialize in. E. I think in the market. Up until just recently, most folks in my shoes focus on the sell side on representing a seller, whereas nowadays you know, raising capital dad or some sort of minority equity will come up from time to time and everyone's one will represent a buyer that's doing some strategic work. But you know, anything related to the capital structure of a business in buying and selling deals?

Tom Bronson: 6:18

Awesome. Larry, Let's Ah, let's hear a little bit about VR and the role of a business broker.

Larry Lane : 6:25

Okay, well, the are, um I bought the VR franchise in 2009. VR is a national franchise organization. Been around since the late seventies. There is currently about 50 offices throughout the country, so I own the Dallas area office. Um, as a business broker, I think Dan pretty well laid out the distinction in terms of size of companies that were typically dealing with. It's it's really right up to about the minimum of what he was talking about. Aziz their minimum. Most of our deals are privately held companies. They're all privately held, um, and usually a single or single family owner. Occasionally there may be multiple, um, owners involved, but it's typically a single or single family. Privately held business, our largest transaction to date was actually 60 million in revenue, but that was a real outlier for our normal business clientele, which is up to that 10 million revenue range. Um, and we're typically working on the seller side Every once in a while, we may take a buyer profile, um, and represent the buyer to go out and find a business for them. Ah, but the vast majority of the time we're working with a seller who's ready to exit their business. We helped them value the business and then take it to market. Taking it to market for us is typically more of a public, ah, type of marketing, using the Internet for business for sale sites using our buyer database, which we've created over time. We have about 4500 ah buyers in our database. People that have contacted us in the past looking for a business and are still out there looking or at least they're not unsubscribing to our monthly newsletter or hanging up on us when we call them to try to sell them something. But, um, so we're doing a much more of what I would call a public marketing. I'm still in a confidential way not to give away the the specific business identity, but looking. Most of our buyers are gonna be people looking to leave corporate America and replace that their income and get into entrepreneurship. Um and, uh, so that's That's our That's our client.

Tom Bronson: 9:00

Says it. Is it fair to say that most of your buyers are individuals as opposed to corporate buyers?

Larry Lane : 9:07

Yes, the vast majority Every once in a while. And as we've seen over the years, the private equity group looks for smaller. You know they're coming down and the size of deals they'll look at just because the markets type

Tom Bronson: 9:20

they've got. They've got to deploy that capital. And so that bar keeps lowering this,

Larry Lane : 9:24

our peeps lowering. And so therefore, we are entertaining some of those deals, but the vast majority of the time it's the it's the single person looking to buy business to operate themselves.

Tom Bronson: 9:36

Awesome. So what's your background and how did you get into the business brokerage industry?

Larry Lane : 9:42

Well, my background is actually enfranchising. I was ah ah, corporate executive with fast signs international starting way back in the early days when I joined the company. We have about 15 stores and I left 21 years later. We were at 540. Um, so my background during that time was working with small business owners, helping them get into business, helping them succeed and then, at a certain point, looking to exit and maximize their They're, ah, investment and hard work that they put into the business and really enjoy that process, like seeing the person creative business started, build it, exit and be happy during that whole phase. We always wanted franchisees to be is happy. The day they sold their business and walked away is the day they bought it. And, um, so when it became time for me to look at doing something beyond fast signs that seemed like a good fit for me

Tom Bronson: 10:46

Interesting. You know, every every bit. As you guys know, I've done 100 transactions myself, either as buyer seller, and I always have buyer's remorse and seller's remorse. So I hope that my seller's remorse is less than my buyer's remorse, but it But it happens every time, right? So so many business owners don't really understand the M in a process. If they've never had any exposure to doing a transaction, they might think of it like selling a house. They get up one day and they decide that it's time to move, and they call their real estate agent friend. They get the house listed, sold, and then they move on in 60 to 90

days. By the way, that's the national average. According to Zillow. I looked it up just yesterday. So, Larry, how long does it actually take to sell a business? On average,

Larry Lane: 11:35

the average is actually about seven months, seven months. So we tell people to be prepared for a year. Our listing period with a seller is typically a year, Um, que. Occasionally you'll get one done sooner than the 767 month timeline. But it's it's normally ride in that seven month, and that's the national average via deal stats. We keep a pretty close eye on that.

Tom Bronson: 12:02

Got it? So, Dan, what does that look like for larger businesses? How much time does it take to sell? Ah, larger business,

Dan Vermiere: 12:09

you know, very similar to that. I would say 6 to 9 months is what we normally quote. But it could be a year. Um, you know, the good news in that is usually they know who the buyer is. After three or four months, they get to the point of a Nello. I engage with a buyer for exclusivity and begin through a diligence and closing process. But nowadays, that process takes a long time, especially if it's a private equity group or an outside bank involved. Diligence does take a long time.

Tom Bronson: 12:42

Yeah, you know, in fact, I think that in a future podcast, we're gonna dedicate some time just to what due diligence? Looks like S O that can sometimes be a mess. And it's many times when the deal falls apart, right? Eso so, Dan, what does the whole process look like? Kind of soup to nuts. When you when you first engaged with a client, you know, what does it look like from there? Until closing just the high spots?

Dan Vermiere: 13:08

Yeah, you bet it. Ah, lot of steps involved the whole point of the processes to get to a point where you have multiple buyer offers on the table at about the same time, so that then the business owner can see some options, get a sense of what the market thinks. The value

that businesses ah, and begin to see the cream of the crop, so to speak. And to do that, a lot of preparation is really important. And so we analyze the company and develop a marketing package about the company. We researched a number of different industry sectors to try to figure out who might be a good buyer for this business. Then we reach out to them confidentially, provide the materials, um, answer questions. Organized Q and A sessions with the owner of that makes sense and at some point try to get to preliminary proposals. We call those indications of interest. From there, we whittle it down. Teoh, maybe 45 good buyers that we would invite in for face to face meetings, um, get a sense of mutual interest with the business owner and eventually whittled that down to one that we move forward with on an L. A. Y. And then, like I said, a lot of steps to get the deal closed through a lot of due diligence. There's a legal process, further negotiations, perhaps with the buyer, and eventually get close.

Tom Bronson: 14:32

Wow. So, Larry, what about you? Any differences in the steps that you guys take from kind of that initial contact until closing?

Larry Lane : 14:41

Yeah, I would say probably the biggest difference between the processes is as much as we ideally, would, like Toa have multiple buyers at the same time. Um, in the process, we're not usually that fortunate um so because because of the public marketing side, you know you're getting an inquiry. You're working with that particular applicant and buyer, and you're either getting him to continue in the process or they're deciding it's not for them and moving on and you're bringing another person in as the inquiry, uh, comes into play. So we were really lucky if we've got a situation where we have multiple buyers looking to do a deal at the exact same time, Um and, ah, but we use that process to help sometimes bring the seller Teoh a reality check as to what the real market is in our in our size deals. A lot of times, the seller and we've tried to make him, you know, understand the realities of their valuation on the front end. But they're still out there believing their businesses. Still, you know what this certain level and ah, we may need the 1st 1 or two buyers, unfortunately, that come into play to bring that reality check to the cellar, Um, and so I say I would think that's a big part of the difference in the process. But otherwise it's similar. Are due diligence on our details is still pretty extensive, but probably not as extensive,

obviously, as some of the ones that Dan is bringing to the table. We do not typically have multiple layers of financing involved. It's typically, you know, a single finance deal that the seller may be carrying some paper to accompany the bank financing that's involved. But it's typically one layer bank financing in most often times and SB A type loan is involved, so they're still in the elongated process from start to finish because of of the due diligence and the financing. But, uh, but probably just not quite is in depth. Legally, they're still in a purchase agreement typically prepare. We have standard documentation that can be used on a smaller deal, that the parties are receptive to it and if they want their lawyers to review that can, um, But if you know if one party's providing full representation, then obviously we need both parties to have it and that will elongate the process some as well,

Tom Bronson: 17:20

right? You touched on valuations and I've I've often said, You know, there's I can think of 57 different ways to value a small business and I call a small business anything that is not publicly traded, right. If it's public I created, you know the value is established by the stock price. Ah, but, um, but the challenges, I always say there's really no way to value a small billet business until you find a willing buyer and a willing seller who agree on the price. That's the definitive answer to what that business is worth. And I think that many deals are are killed in early stages or never really get a running start because that disconnect between what the owner thinks the business is worth in the reality of what's ah willing buyer is willing to pay. Anybody disagree with that? It's the biggest job I think it's. I think it's one of the biggest deal killers out there is really, truly understanding what the market is for a business. So we're talking with Larry Lane and Dan Ver Mayer. Let's take a quick break. We're back in 30 seconds.

Announcer: 18:34

Mastery partners equipped business owners to maximize business value so they can transition on their own terms. Using our four-step process way, we start with a snapshot of where your businesses today Then way help you understand where you want to be in design a custom strategy to get you there. Next, you execute that strategy with the help of our amazing resource network. And ultimately, we help transition will business on your terms. What are you waiting for? More time, More revenue? If you want to maximize your

business value, it takes time. Now is the time Get started today by checking this out mastery partners dot com or email us at info at mastery partner dot com. to learn more.

Tom Bronson: 19:25

We're back with Larry Lane and Dan ver myer and we're

Tom Bronson: 19:29

talking about the impact of Covad 19 on the M and a market. You know, Just a few months ago, most people in your industry would say that it was a classic seller's market. You know, the evaluations were getting sometimes a little crazy, but they're really good valuations for folks. How has it may be too early to tell, but how has the market changed in the last six or eight weeks? Since Covid 19 was announced? Larry, let's start with you.

Larry Lane : 20:00

Okay, well, I would say the biggest change so far has actually been on the buyer side. We had three deals, Um, in April that fell out because they were under contract buyer got nervous because of all the shut towns didn't want to continue with the deal before they saw the the total, um, or at least a much more thorough, um, end result of the process and walked away. So, um, obviously, that's a big kick in the gut right off the bat. But I do think the impact, the total impact obviously, is going to take longer to see. Um, obviously, evaluations are going to be affected for many, and for many businesses and industries based on how it impacted their financial side. Um, and that will take a little time, I think, to sort through, um And then I think for us, probably the next question will be how does it impact the finance inside? Because again, a lot of our deals most of our deals are bank deals that are using S B A, um, guidelines for financing. And so it's yet to be seen how much we're really gonna be able to get their attention on deals. Um, as they're sorting through all the P p p loans and all that stuff. So I think we maybe another 30 days or so out. Um, the conversations that I'm having so far with the people that I usually deal with on these loans is you know, we're still looking deals were still happy to uh work on them. But, you know, you're gonna need to be patient with us as we get it through our process in the SB A process and so on. So I think that's the big impact, that Well, we're yet to really know.

Tom Bronson: 22:00

Yeah, s b a is a little distracted right now with other types of loans I know that are going on. So are you seeing a Ah, is what about your stream of buyers and sellers? I'm sure you get inquiries from buyers. You get inquiries from sellers. Has that changed at all since Covid 19?

Larry Lane : 22:20

Well, actually, yes. Dan and I were talking about this just a little bit ago. The buyer's side, you know, the 1st 3 weeks or so. I mean, we weren't we weren't hardly getting any inquiries on any of our deals the last 2 to 3 weeks, We're actually starting to see a little bit better buyer inquiry flow, which is encouraging. Um, however, um, the seller side we're not seeing near as much activity with people inquiring about selling their business. As I would have thought, I would have thought this was kind of a pressure point for many of the small businesses. Perhaps they were just trying to hang on that they this would have forced their hand to say, Hey, I need to really talk about Is there in there an option for me here to sell my business? And we're not seeing the phone ring in that regard as much as I would have thought at this stage. So maybe we're still another 30 days out on that as well,

Tom Bronson: 23:21

you know, interesting as you guys both already know, our business at Mastery Partners is to help people prepare for that eventual exit kind of get them prepared for the due diligence kind of get all their operating systems and processes in order, their financials, those kind of things. We're not an investment banker. We're not a business broker. We refer back out to guys like like Dan and Larry when it's time to do a deal. Our business is actually going crazy right now with people realizing that the value of their business may be impacted than they should be thinking now way in advance of doing it. So I'm hopeful that that will ultimately transition over to deal flow, certainly on the broker side. Dan. What? What's the impact, uh, of Covid 19 in the investment banking world?

Dan Vermiere: 24:09

Well, it's interesting. Ah, you know, a little bit hit or miss. To be honest, we don't see as much impact on the buyer side as Larry mentioned. Um, most of the buyers have a lot of cash. They still want to try to deploy that cash, put it to work, and if anything, they're

universe of targets to buy has just gotten a little bit smaller. So they're competing with other buyers more so than they were. So we still see a lot of appetite on the buyer side. Um, pretty much across the board, I guess. Ah, on the seller side, it's a little bit hit or miss. It depends on their industry and their business, and if they were impacted by the Corona virus. Um, I do a lot of work in the I t space, and most of those have done just fine here that, you know, that's still an area of a lot of spend and businesses have not pulled back. And so the I T Services arena is still pretty strong as sellers depend on who their client bases had. One prospect that a lot of business with American Airlines. And you can imagine that they they pulled back a bit, um, one that was involved in the restaurant space. And so, of course they stopped. I wouldn't want to try to do a deal involved in oil and gas right now. That would be almost impossible. Um, I mentioned I t services. Food is also a strong area, Um, though the ones that are doing food service to restaurants. They've been hit pretty hard, had one that did food service restaurants as well as retail, like in grocery stores and see stores. And so the grocery store business picked up just fine. The restaurant business came to a halt almost, but they and a lot of product, but it was in the wrong packaging so they couldn't just immediately move it over to retail, You know, so a lot of challenges that way. So it really depends on that sellers business and how this has been affecting them. And if they're still attractive or not, Um, you you hear, in the industry of kind of a funny term, most people measure of businesses performance by even die earnings before interest, taxes, depreciation and amortization. But now we're talking about a badass sea meaning How was your even up before Corona virus? And how does it look like spring back after Corona virus? So it's like we have this little pothole right in the charts of even got here. And people want to be sure that they get back up to speed quickly, you know? So it's funny that way. Um, another strange effect has been the travel restrictions, and if you have a deal in motion, but it gets to a point where you have to have face to face meetings, you can't do that right now. It's have a speed bump in the way here in the process. So if you're fortunate to be far enough along, you don't need any more face basing still moved towards the closing. But if it's time to have face to face, you know, Zoom can only go so far for that type of thing. And at some point, people wanna have dinner together and get see the place and talk. And so we're having to work through that little little travel restrictions problem. Hopefully that opens up pretty saying that some, um, some funny challenges there.

Tom Bronson: 27:30

Yeah, so uh so You know, one of the things that ah ah both of your comments made me think about is is Warren Buffett's famous. You know, the only thing people don't buy on sale is stocks, right? Ah, And and I suspect that even though we probably don't yet know the full impact of Covid 19 on the M and a market that it's going to impact evaluations, it could be a really great time for buyers who have cash or access to capital to get out there and get some really good buys. What? What do you think about that, Larry?

Larry Lane : 28:08

Um, yeah, I would I would think so as well. If they can look beyond what the impact was during the time of of Covid 19. Um, but, um, you know, my take on the market is a good business will always sell. Um, And so if it's got the earnings, then you know they'll be buyers out there. Fort. If you're a buyer and you've got the capital, um, they're gonna be business is available for that. Ah, for that buyer, at some point in our again in our side deals we look at and I tell buyers this all the time, you have to really be patient, cause it's it's hard to find a good business. Ah, good. Small business. Um, making money where the seller has it at the right price. Reasonable priced, at least in the eyes of the buyer in the marketplace with an infrastructure in place that makes that transition for the buyer feel comfortable, they can take that business on. So you have to be patient, um, and continue to look and and search the field for that right opportunity.

Tom Bronson: 29:23

That's what we do. So thank you for the commercial. You know, we help get those businesses ready. So, Dan Dan, what about you? Is there always a market for a well-run business?

Dan Vermiere: 29:34

Yes, I think so. you know, under challenges like like we have right now with Cove in 19 likes a lot deals, air still in motion. Sometimes it tends to dictate a more structured transaction where it's all about risk for the buyer if they're worried that this business might be impacted, or maybe the true effects of the virus haven't really been seen yet. And they might buy this business, and it would have some some downside that hasn't shown up yet. Then we may try to structure the transaction where that risk is shared a little bit

between the buyer and seller, maybe through some some equity roll over investment. Or perhaps some earn out or something like that, Um, but if it's a good business with good fundamentals, there's always a market for it. But the overall market does tend to go up and down a little bit like like the tide comes in and out. And even if the business is solid and growing and looks nice, if the financial market is a bit depressed at that time, it was just gonna be a little lower evaluation than than what the business owner might have had in mind or might have seen a year ago or something like that. And so timing the market is very, very difficult. But if it is a well run business, at least they have the option from the business. Respective, they have the option toe. Wait until maybe the time is right. Although nobody has a crystal ball, you don't know when that's gonna be, um, like Larry said, if if they don't want to go to market right now, this is a good time to work on improvements in the business and have even better value when they are ready.

Tom Bronson: 31:15

You know, I disagree with that that nobody has that crystal ball. I am that crystal ball. Let me give you two great examples in. On May 25th 2001 I bought a company to turn it around. It was losing money, and we made our first money by August 2001. And then what happened? Ah, in ah, in August of 2008 I started a new business, a restaurant business. On August 3rd and three weeks later, of course, the market crashed and tanks. So So I am a market-timing genius working in the wrong direction So if you want to know when the best time to buy, Look at what I'm doing and don't do that that so I am a market-timing genius. So So to each of you, What? What actions would you recommend? A business owner who is thinking about selling his or her business in the next, Let's say, 2 to 5 years. What actions should they they be taking? So let's start with Larry.

Larry Lane : 32:17

Well, it's, you know, it's the box blocking and tackling routines that I always look at and that is, is maximize earnings. Our businesses are sold based on earnings. So you want to maximize earnings. You wanna have a positive trend? Um, in revenue and profits, Um, you wanna have a good infrastructure? Ah, good team. A good management team will help sell a business. Um, almost as much as anything. Um, so you want, you know, you want those those basic things in place. Um, as you look toe to go to market because those are the things that will attract buyers. Um, if you have a business on the decline, if you are the sole

business, you know you don't have an infrastructure management team or or ah, second in command or third in command, that really helps manage that business. Um, you know, those things can hurt you on the valuation side.

Tom Bronson: 33:22

Okay. Perfect. Dan, what about you? What are the actions that you recommend a business owner take if they're thinking about selling in the next 2 to 5 years?

Dan Vermiere: 33:30

Yeah. You bet. Um, well, to me, it's It's shocking how many business owners don't do anything and don't think about it until the day they're ready. You know,

Tom Bronson: 33:41

I agree.

Dan Vermiere: 33:42

It's surprising. Um, most business owners don't want to talk to somebody like me. Uh, well, you or somebody that's an investment banker until they're really ready. And that's surprising because they should talk to us, you know, a couple of years out and start getting a sense of the lay of the land. But they don't want to be seen with us. They don't want somebody in the in their company starting a rumor that they're gonna say sale or they don't want their customers to hear about it. They just don't want any of that to happen. Normally, we have to meet offside, use a fake name, and things like that. But what they really should be doing is getting ready several years out, and not just the business itself, but themselves personally. You know, getting getting their emotions sorted out and thinking about what life is gonna be like after selling the business, thinking about that with their family, involved with their personal financial goals and situation. So it's, you know, it's a business. It them personally. It's their financials, but they should be working on that, probably with professionals that helped them. Financial advisors, family advisors, exit planning, people, that type of thing. They should be doing that, you know, three years before they're really ready to sell, and that involves improving the value of the business. But it really involves them getting getting set in their mind about what they want to do and getting their family affairs in order. So assembling a big team is really important. A

good team is really important, Um, considering value improvement programs when those are really, whether you're going to sell today or two years from now, most value improvement programs are really just good business sense. You know, they're good things for the business, whether you sell or not. So starting early is really important involving a well-rounded team of advisers that can collaborate, you know, for his benefit. That's really important. But it's surprising how many guys just wait until one morning they wake up. And they heard yesterday that their brother in law passed away or something happened, and that's a trigger for them. And now they wake up that day and they want to sell the business. And sometimes that's not optimal, you know? And they could do better if they did a little bit of planning advance and got themselves ready.

Tom Bronson: 36:12

Yeah, I couldn't agree more. You know, you mentioned something. That's Ah, that's kind of an interesting anomaly to me. I have, because I've done so many deals. I've never made a secret over whether or not the business was for sale. You know, I happened to subscribe to Carl Allen's philosophy. The only reason to own a business is to be able to sell it someday and monetize the value. Um, and I've always shared that with my employees, right that that that made sense when I wrote my new book of Maximize Business Value, the original title, The Working title for this book was the case for exit planning because that's really what it talks about in here is how to prepare your business in advance. And ah, and so when I had the manuscript, I visited with a number of my clients and I said, Hey, would you mind reading this and just give me your input and thoughts? You know, as I finalize the book and almost universally I heard You know what? It's a great book. I love the content, you know, good ideas and all that. But if it's gonna be, if it's gonna if you're gonna put in big, bold letters exit planning on the front on the front cover, don't bring it within 50 miles of my office, Right? E Get that kind of response all the time. So we changed it to maximize business value in seeing the little tiny letters begin with the exit in mind because that's the way we think about it is business owner should really think about their value in terms of. What is the end? What is the endgame and preparing for that? You guys have given us some great great, advice here for businesses

Larry Lane : 37:44

Tom, could I just mention one other thing.

Tom Bronson: 37:46

Please.

Larry Lane : 37:47

Yeah. You know, one thing that I think a business owner should do, almost regardless of their timing is at some point looking, getting their business value a proper business valuation because we see so many owners who have no idea they think they have an idea. But they do not have a real practical idea of the business, the value of their business. And so you know, they get to the point Dan's talking about which is I want to sell tomorrow. They've had it for 25 years that they think because some friend down on the street or whatever, sold their business for \$10 million that that's their retirement. In their business, they live the same lifestyle their business must be worth \$10 million too, although it's a completely different industry, a completely different success rate, performance level and all that. And when you value their business for em, they're literally in shock and think you're crazy and, um and it's it's, ah, situation that makes it very difficult because they can get 20 valuations done, and anybody who knows what they're doing is not going to give them what they wanted to hear, and it's it's really there, There. well served, if they will just do that, even if they're not thinking about it for five years or 10 years because they'll at least they know. Well, this is how it works. This is how the evaluation process works, and they can then know what to strive for with help from guys like you to get to that level down the road.

Tom Bronson: 39:25

And both of you guys do. You'll do thumbnail valuations. Correct?

Dan Vermiere: 39:30

Definitely. Yeah, it's very important to us because, you know, we don't want to get started in a one year process with somebody who's expectations are way out of line. So we're gonna do some work to gather comparable transactions and poll our internal group and figure out what we think that business would sell for in general talked with the business owner about it. Obviously, we're not contracting to a price. We're gonna go get the best possible price. But we want to know that everybody's expectations are in line.

Tom Bronson: 40:02

Yeah, so and, Larry, you do the same kind of a thing, right?

Larry Lane : 40:05

We do opinions of value on it on any deal before we list it.

Tom Bronson: 40:09

Yeah, that's actually one of the first steps in the mastery partners process. We do an assessment of transaction readiness. Assessment where we assess whether or not the business is ready to transact as if it was happening tomorrow across all of their departments and one of the key deliverables. There is an opinion of enterprise value. In fact, you mentioned you know, your friend down the street in in the book, there is a whole chapter on valuations, and I call that country club valuations. You know, your your golfing buddy just sold his business for 10 million Mine must be worth that as well. So you guys have been great guests. Larry, just one last question on this. What sets VR apart from other business brokers because there are a lot of business brokers out there. And how can our listeners get in touch with you?

Larry Lane : 40:57

Well, I think what sets us apart VR is national franchise, so we have national reach, but local representation, Um and we have in my office a variety of skills with the people, the agents that were in the office. So we're not focused on one industry. We conserve a variety of industries because of the skills that we have with the people in place. And I think that it's ah big difference. I think that we are on the front end brutally honest with folks about the whole evaluation process and whether they really have something that is ready to be sold and realistic about what to expect on the price side, if we do take it to market. And, uh so I think those are some things that ah, that differentiate us. As far is getting in touch. Phone numbers . 2147338282 what side is v r Dallas dot com email I lane at VR Dallas.

Tom Bronson: 42:07

Awesome. Awesome. And we're gonna post these on the website on with this. And of course, folks can get in touch with us. Dan, Same question to you. There's a lot of investment bankers out there. What sets CFA apart from other investment banks And how can our listeners get in touch with you?

Dan Vermiere: 42:25

Yeah, I appreciate that, Tom. You know, I think CFA paychecks a lot of boxes for people we're a very experienced firm. 60 years in business, 4000 transactions under our belt, Um, we have practice groups of 14 different industries. We are securities licensed. That's a big deal for any of the M and A transactions in this size range where in most cases you are actually selling a security with stock or debt involved. Um, but, you know, the main thing about C F. A, I would say, is that it's the people were what you would call a boutique firm in that our principles like myself, we lead a project from beginning to end. We don't come in and sell it and then hand it off to a junior VP or something to work on it. So somebody was gonna deal with us as a principal from beginning to end. It's a very personal experience for the business owner and is very emotional, and it's important to build that relationship. So I personally I think that's what sets us apart is that our people are very reasonable and can manage the relationship with the business owner over the long term.

Tom Bronson: 43:36

Awesome. How can they get in touch with you?

Dan Vermiere: 43:38

Yeah. Call me up 2145408112 or check out our website cfaworldwide. So it's C f a w dot com.

Tom Bronson: 43:51

Awesome. Awesome. So and, of course, always like to end with my bonus question. We'll start with Dan. Since you were the last one. Uh, what personality trait has gotten you into the most trouble through the years?

Dan Vermiere: 44:07

Yeah, I It's that filter thing, right? It's Ah. I tend to tell it like I see it. And maybe sometimes I should sugar coat it just a little bit more. But I think business owners like the straight talk, so that that would be it.

Tom Bronson: 44:22

Awesome. Awesome. Larry, how about you? What's gotten you into the most travel?

Larry Lane : 44:26

I'd like to find out what could keep me out of trouble, but, uh, I would say, in this business, um, the, um the issue of wanting to be perhaps too helpful. Sometimes we get calls from people who, um, you know, their businesses is really struggling. Um, they really don't have a whole lot to sell frankly, and yet we will want to help him, so we'll take it on its a deal. That's not gonna pay a lot of money. Um, the small deals can sometimes eat your lunch. What they usually eat your lunch time wise. But you like the person you know, You you have empathy for their situation. And you say, You know what? As long as we're realistic on what we're dealing with, let's work it. And, uh, the upside to that is you do feel good if you have success. Um and, ah, so that's the plus, but it is. It can be. Ah, yeah, it

Tom Bronson: 45:31

could be a realtor time suck, right? I mean, wow. Absolutely, absolutely. Well, thank you, Dan and Larry for being our guest today. You confined them both on linked in. I recommend that you go out and connect with them or at their respective websites, or you can reach out to us, and I will direct you to the right place. This is the maximized business value podcast, where we give practical advice to business owners on how to build long term sustainable value in their business, even during challenging times like these. Be sure to tune in each week and follow us wherever you found this podcast and be sure to come out. We love comments that we love to respond to comments. So until next time, I'm Tom Bronson reminding you to stay safe while you maximize business value.

Announcer: 46:24

Thank you for tuning in to the maximize business value podcast Tom Bronson. This podcast has brought to you by mastery partners where our mission is to equip business owners to maximize business value so they can transition on their own terms. Our mission

was 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. 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 dot com](http://www.dotmasterypartners.com). That's mastery with a y mastery partners dot com. Check it out!

Tom Bronson: 47:12

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