MAXIMIZE BUSINESS VALUE PODCAST - EPISODE 71 Transcript

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 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 CEO mastery partners, Tom Bronson.

Tom Bronson (34s):
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 a new series of podcasts called tales from the 17% club, as we've said over and over on this podcast, a full 83% of attempted business transitions failed to reach the finish line. Meaning only 17% are successful in this series. We'll be interviewing people who have successfully sold their businesses or transitioned to them as we call those folks the 17% club to learn more about the process.

Tom Bronson (1m 19s):
And here are some really interesting stories. So in this episode, I'd like to welcome our guest David Wible, he's the founder and CEO of work.software. I've known David for a few years, and I was trying to think back about when we actually first met, but I think it's when we shared a stage at either a blue star symposium or some other event. And when we first met David was the CEO of a business called industry weapon, a leading digital media company, specializing in the advancement of digital signage for all industries,

David and his team successfully exited that business in 2020, putting him firmly in the 17% club.

Tom Bronson (2m 3s):
So welcome to maximize business value, David,

David Wible (2m 7s):
Hey, thanks for having me, Tom. I appreciate it. And that was quite an intro. Well, I hope so if it was actually true.

Tom Bronson (2m 16s):
Tell us about industry weapon, the business that you sold in 2020.

David Wible (2m 21s):
Yeah, absolutely. So started that company back in roughly 2006 and then got firmly in the digital signage market in 2007. And so what we really did is help the non-technical people, marketing merchandising, communication folks make sense of, or be able to put their communication on video walls, kiosks and digital signs. So we were, we were a SAaS company before it was really cool to call it SAaS or cloud. It was, you know, still kind of referred to as ASP, but that's what we did. We sold primarily through the channel, which obviously that's how our paths cross is with one of our great channel partners.

David Wible (3m 5s):
And it was one heck of a, an interesting ride to say the least.

Tom Bronson (3m 10s):
I'll bet. Let's let's talk about that exit. You sold the business in 2020, right? Yes. Okay. So did you have an exit strategy before that time or, and if you did, what did that strategy look like or did a transaction just fall in your lap? That's happened before? Right. So, so did you have a, an intentional strategy or was it an accidental strategy? No, it was intentional in, it was probably, you know, for, for me, I made certain that we started to lay the groundwork very, very early.

David Wible (3m 47s):
So my digital war room with all the documents and everything that you can imagine was created in year two of the company. And then I started having conversations with investment bankers, private equity venture capital about five years prior to the exit. And so, you know, really just trying to figure out my, my real concern was I wanted to find the right buyer and, and, you know, it's, it's no different than when people buy products from you. People buy from people. They like, and I wanted to make sure that when I handed the business over that I liked the people that I, I would hand it over to so that I gave my employees as best of a, a chance to continue on with their career as I could.

David Wible (4m 34s):
And so we started really, really early with those conversations.

Tom Bronson (4m 37s):
That's awesome. I'm really surprised that you started building that data room if you called it your war room and they call it a data room in year two of the business. That's really amazing. Now, had you done this before, had you exited a business before and so you knew to do that stuff.

David Wible (4m 56s):
Yeah, we, you know, in, we we'd sold a heavy, heavy industrial manufacturing company before, and that didn't have a lot of war room needs, but in, in the right around the two thousands, I was a part of a .com startup that ended up selling in watching the process of assembling the war room documents, you know, gave me a little pitter-patter in my, my chest every time I thought about it. So I wanted to make certain that we could start that process early and digital just made a heck of a lot more sense because I could get my arms around everything and actually see the topology of the folders I was creating.

David Wible (5m 37s):
And then periodically I would pull some of my go-to consultants in to take a look at that, that structure, whether it be my attorney, my, my tax guys, just making sure that I was covering all the bases, because I think that's the big mystery. Right? What, what

documents are, is a buyer going to ask for? And typically it's everything. So know we, we, we had to start that early.

Tom Bronson (6m 4s):
Yeah. We're going to talk about due diligence and the things that they asked for in just a minute. So, so you started contacting investment bankers, private equity, venture capitalists, those folks about five years prior to the deal. I think so at that time, did you have a timeline for when you wanted a transaction to happen?

David Wible (6m 24s):
No, but you know, when we started into the digital signage market, we went out and raised a small round of, of AGL financing. Right, right. In the, the called the million dollar mark. And so I knew I owed it to those investors to, to get them some sort of return. And, you know, when I accepted their investment, it was always understood that, you know, this wasn't a lifestyle business for them and they would expect us to exit. So we knew something had to happen at some point. And so, again, for me, I just felt it really important to, to get to know people over time and then not be in that situation where I felt like I was in crunch time.

David Wible (7m 9s):
You know, when I knew it was time to go, I wanted to be able to reach out to those handful of people that I had. I'd met that I liked to begin the process. Okay.

Tom Bronson (7m 20s):
All right. So you started talking to them around five years before it, the timeline become clear to you as you started having the engaging in those conversations. Like, all right, this is it. We want to do it in 2020, and now here's what the time frame looks like. Or did it just sort of evolve into that?

David Wible (7m 40s):
It evolved, but I can say that the conversations were really valuable in really just getting clear on, on what I wanted and what I should be expecting the process to look like. You know, everybody tells you, you know, it can happen pretty quick. It could, it could be

three months. It could be six months is the reality. When I started getting around some people who knew that I wasn't getting ready to go anytime soon, I think the truth kinda flushed out right. Nine to 12 is realistic. And, you know, it could go longer depending on how terrible the documents are, how crazy the due diligence list looks. And so those conversations really, really helped.

David Wible (8m 21s):
It also opened my eyes to the things that buyers truly cared about. And, you know, I talk a lot at work software about what I call VCR or value creation revenue. That concept came from the conversations that I was having early on, where I started to realize not all revenue is valuable to a buyer and I needed to really get my house in order and start putting the right building blocks in place. That's gonna maximize our exit.

Tom Bronson (8m 50s):
I love that. That's a, a term that I'd never heard before you and I started talking a few months back about you, the value creation when VCR value creation revenue, just give us a quick snapshot of what does that mean?

David Wible (9m 6s):
Well, I, I think, you know, the first thing that any leader or someone who's getting ready to sell has to understand is, you know, how are you going to be valued? Is it going to be a multiple of EBITDA? Is it going to be a multiple of line? Once you get that, then you start looking at the revenue streams that are going to contribute to that valuation. For me at industry weapon, we were primarily a software as a service business, which meant the only revenue that anyone cared about was our subscription revenue. And it had to be sticky. Meaning there had to be customers who weren't leaving in a year. They had to stay with us in the longer, the better. And so that was a real, real driver for me, if it's EBITDA for a different company, right?

David Wible (9m 50s):
They're going to look for the things that are going to drive the most, most cash to the bottom line. So they, they get that number up and, and where they want it. It also allow them to earmark certain expenses that they can say, Hey, when I'm gone, or when I sell,

we're going to add back some of these expenses or bring this revenue back into the, the EBITDA number, because I'm no longer going to be here. So it really, it really helps you open your eyes from that perspective. And then for your team, when they understand what revenue streams really trip your trigger and why the magic happens, right? You're you're, if you have a technology team, they start building features that compliment that revenue stream.

David Wible (10m 31s):
If your sales guys are out selling, they know now what to focus on and why it makes sense.

Tom Bronson (10m 37s):
Yeah, for us, it was the same thing. You know, recurring revenue. My last company started around the same time that you did. No one even knew what SAS was in 2004 and five. And, and we were out building a recurring revenue business because we knew that that added value. I wish I had thought of that term value creation revenue, but, but that's really what it was for us, that recurring revenue, because it made our business more valuable that you talk about, you surrounded yourself with the right people, I think, and that's having what I call a transition team. Tell us about who were the advisors, what were the roles, not their names, but what were the roles that those advisors played for you in your transition planning?

David Wible (11m 25s):
Yeah. So, you know, a couple of things you're talking right at the exit, correct. Or right around the time we were thinking about it. Yeah. The actual group that's helping you through the process of the exit, right? Yeah. So interestingly enough, we, I went to my board and said, Hey, I want to run this process myself. I don't want a banker. And for me, that was the, the right decision, a little bit of a micromanaging freak. Right. So I, I really, really one of the, to own the process. And I had a great team at industry weapon to run the day to day. So I could afford if I needed to, to back off the business, without it taking a nose dive.

David Wible (12m 6s):

Cause I had, I had great partners and a great team in place, but once we got to, well, let's say once we got down to about three LOI that I was serious about, my team really consisted of my attorney who had a lot of M and a experience. And I'd been with him since the beginning. So he really understood the business I brought in. I separated my finances in two ways. So I had a team that did audits and then I had a separate company that did all of our taxes, right. And so they, they were a nice compliment and, and kind of helped each other out. And it was a nice check and balance for me, both of those folks were at the table with me.

David Wible (12m 49s):
So my structure was, is fairly lean on the finance side. I have a phenomenal actually brought her over to my new business controller, but she wasn't a CFO. And so that's what those two parties really helped me do. I had a team that made up my CFO, which also led me to some really, really great discoveries before I sold, which is making sure that all of our documentation, as it related to our finances were directly relatable to get principals. And we created revenue recognition policies and all the appropriate policies. So when due diligence happened, we had the document to kind of get those folks up and running without asking all, all the questions that would come.

David Wible (13m 35s):
If they didn't know we had a policy. And so those are my three keys. Again, I had, I had two partners that were active in the business that I could lean on. And then I had a wonderful board that, you know, would have done anything for us, but that was that we kept it lean and we kept it out of any other employees per view. So no one knew anything was going on.

Tom Bronson (13m 58s):
Okay, well, we'll talk about that in a, in a few minutes, you know, running a process on your own is certainly an option since you'd been through a process before you really sort of understood that, you know, it can save a little bit of money for, for most businesses. It's probably better to have professionals running that for you, but you kind of fit into that ideal kind of tweener zone. I would call it where you have the bandwidth to do it yourself, and you have the infrastructure to put the, get, put together the data and manage the

process. Not a lot of companies have that all together. And so, but the only reason you did, if I'm hearing correctly is because of your advanced planning and thinking it through and in doing that.

Tom Bronson (14m 45s):
And so that can, that's certainly a way to save a little bit of money on the back end, rather than paying somebody else, do those things so long as you have the bandwidth to do it. So I applaud you for doing that. I've done the same thing in my businesses, but I've also had other businesses use professionals to help facilitate a deal in that. So let's talk about the once you made the decision and you go out and you, and you find the three companies and you've got a LOI from each one of them. Well, now it's time to get into kind of that dreaded due diligence. How did you narrow it from three to one? Or did you, did you play all three of them throughout the process?

David Wible (15m 25s):
Yeah, well, I, I should first tell you the, the LOI process. It w it got narrowed down to three. It was a ton of companies. And so very similar to the, the deal room that was, that was built, or I should say the war room that was built with all my documents. I had a similar interface. I use dealroom.net to, to do all of this. I used a subset of that deal room technology to, to get everybody who was thinking about this transaction in my system. The great thing about it was I could see who was opening my, my documents. I could see what documents they were opening.

David Wible (16m 7s):
I could see how long they were looking at it, which really helped me understand who is serious and who was just kicking tires. Right. And so that was really important. But once, once we got it down to three, I was actively having conversations with all of them up until the signature, right. Because, you know, I had some great advice from, from my advisors and some of my mentors on, you know, the control is all of your, all yours until you sign that LOI. So whatever you do, you know, you know, maximize that as best you can. And so once we got down to three, it was a good, probably four weeks of back and forth and, and really negotiating it's really, really important to have more than one, because you can really get some wonderful things thrown in there.

David Wible (17m 2s):
I should also say, I think it's really important and not to get into the nitty-gritty of our deal, but to understand that there's, there's really two numbers that you really want to look at when you're doing the transaction. And the second, one's probably more important than the first everybody says, what did you sell the business for? Right. How much, how much did they pay? And that's an, that's an important number. I think, you know, just, it's kinda nice to play business and know what your goals are and how to keep score. But the real filet of, of the deal is below that number, right. Were you able to keep your cash? You know, what, what other, what other things can you actually negotiate into the deal that if you know what the buyer is buying and why they're, it really helps you structure a deal so they can win and you can maximize the take home.

David Wible (17m 56s):
Right. And so it, again, the first numbers for your ego, the second number is for your pocket book. Right? Right. Exactly. So when it helps to have advanced tax planning as well, especially in a day and age, so did you actually sign three different letters or only one of those three letters? Yeah. Well, once, you know, once we decided to get married, that that was the time to let the other two know that, you know, thanks, but I'm going a different route. And, and they were all awesome. You know, we, every, one of them had a, a VC attached to them. So very, very professional, you know, nobody got too ruffled over not being chosen, but everybody appreciates transparency.

David Wible (18m 43s):
I mean, I didn't share names, but they all knew that I was looking at other other folks. Right. So, so you were, it sounds like you were doing some of the due diligence even before you got to the LOI. Right. You were allowing them opening the kimono out to a lot of them and allowing them to go deep before you had an LOI. Okay. Yeah. And I wanted to establish very, very quickly with any of those people that I have, the, the first initial conversation, and let's say the fit conversation, right. How I was going to value the business. And I think sometimes people are afraid to do that. They don't want to throw a number out first, but I wanted to make sure that the people that I was talking to

understood that I was, I was going to do the deal at, at, at this, you know, this range and a multiple.

David Wible (19m 33s):
And I was, I was kind of getting rid of and thinning out the herd very quickly. So for me, we were a multiple of top-line. We were not a multiple of EBITDA. And so the first question out of my mouth is, you know, Hey Tom, how do you value businesses? Is it a multiple VBA or a multiple of top-line any of the ones that got, you know, wishy-washy or were a little vague about it? I, I throw them out because no, no point in playing with people like that, the serious buyers know what you're looking for. And we'll tell you immediately how they value businesses. It may not perfectly line up, but at least, you know, you got a straight shooter. Right, right.

Tom Bronson (20m 12s):
And it's important to call the herd, right? Because in any transaction, there are literally dozens and dozens of potential suitors, and you just don't have the bandwidth to, to deal with all of them. Long-term. So I, I'm a big fan of that kind of, I call that anchoring, right. Anchoring the deal. Here's the way we think it should be printed. If you don't value businesses that way, you know, no harm, no foul, thanks for your time. Moving on, taking away your access to my data room. Right. And I think that's a smart play. In fact, trying to remember the book written by the Blackstone group. I think the, maybe it's not Blackstone.

Tom Bronson (20m 55s):
It's never split. The difference is the name of the book, but it's, it's when you're in negotiating, it's, it's be the anchor. You want to be the anchor because then you can weigh the conversation based on that. If you let the other person be the anchor, then you're trying to pull them up to yours. Well, now they're trying to pull you down. If, if, if you're out of their range, I like that philosophy, but it's, but it's not for the faint of heart. I mean, it's, it's just like any sales funnel. Right. You don't want it, it hurts to see them go, but at the same time, they were never going to be there in the first.

David Wible (21m 38s):

Yeah, exactly. So now was there, after you signed the LOI, was there more due diligence with the actual buyer? Oh my gosh. Yeah.

Tom Bronson (21m 48s):
Right now, just so you know, I did a podcast and I think a blog post, I called it the dreaded due diligence. I'll have to look up what number it is. I'll post it on the, on the website again. But, so it sounds like you may have had a similar experience that I've had a hundred times. So, so how did this, that, that final round of due diligence scale?

David Wible (22m 12s):
Well, I, you know, I got to say that the, the buyer was extremely thorough and I really appreciated that. Cause again, I wanted to make sure we had a, a good home for our folks or at least do as much as I possibly could, but it's amazing. They don't come all at once. Right. It doesn't come in a pretty package and you open it up and it's either in a PDF, an Excel sheet or whatever it comes in all flavors. And for us, there were several audit teams that they sent in. So everything from the finances to the sales, to security, to you name it, right? So in the end, all in all, I was 678 requests.

David Wible (22m 53s):
And the power of, I can't stress enough having your own war room, like a deal room or something like that. Because a lot of times the requests are, are, are coming in as this, for the same document. But for me, I wanted to be the glorified waiter for everybody. And I always back in, in my manufacturing days, I was always taught when we had a, a union negotiation. You never, you never give your own verbiage for things in the contract. You always pull from the unions library. That way you don't have to worry about negotiation over just stupid terms.

David Wible (23m 33s):
And so same thing here. I wanted to make sure that even though someone else made the same request, I wasn't going to shame that person. I was going to make certain that we, we linked that request to a document and, you know, they collected it the way they wanted to collect it. And it was really, really important, I think to make them win and help them do as little work as they possibly needed to do. And, and I don't think it slowed

down on the request by any stretch of the imagination, but it definitely kept me in the right mindset of knowing that this thing is going to end at some point, it's just going to be a lot bigger and longer than I am expecting.

Tom Bronson (24m 13s):
Right, right, right. Well, that's brilliant. A lot of people don't think about that and how to, how to make the job easy. I always say that that the faster and easier you can make due diligence for the buyer, the more likely to be a will happen and, and Guild deals. But it's for a lot of other reasons, now I'm running the risk here and with having you on this podcast and the 17% club, because I'm about to ask you something that I don't think anybody else in the club kind of has achieved very few times. Do I hear this? Or at the end of the due diligence, you get what I lovingly call the retrade conversation. These are the things that we discovered and it's caused us to reprice the deal.

Tom Bronson (24m 57s):
So did you get that retrain conversation? And if so, what was the result? Did it go up or down?

David Wible (25m 5s):
Yeah. Yeah. So, you know, for us, luckily it went up and, and part, and a lot of that was because of the bottom part of that number that I talked about, the, the importance of, of serving your pocketbook over the ego and the top line number, I think also what helped or really gave us an opportunity to, to have that better conversation was the fit conversations up front with the buyers. And so making sure we set expectation, but we didn't overreach when it came to what we were seeing we had or what we were representing. Cause it's going to come out in the due diligence.

David Wible (25m 45s):
Luckily for us, we downplayed a lot of, a lot of things. So when we started going through the due diligence, they were surprised like, you know, even the way we counted customers, we clustered certain customers together where they saw very quickly, they could ungroup them. And all of a sudden it looked like they, they, you know, created more customers than what we even had. And so making sure that any surprise was, was

a delight and not a aha, like what I found. Cause I think that's, you can get caught up in that. Right. So especially if, if, if you don't have a clear vision on, on what the exit number is going to be, you're going to oversell it.

David Wible (26m 26s):
And that's when you're going to get the haircut. Yeah.

Tom Bronson (26m 28s):
That's yeah. Like I said, I hesitate because your number actually went up as a result of your, your final retrade. But, but you hit the nail on the head that the trick is to disclose everything. I mean, there are, every business has porch, but if you disclose those in advance and the information that they get during due diligence actually is better than the picture you painted for them. Then at the end, you can be a winner right on that game.

David Wible (26m 57s):
But if I hear so many times, well, how do we spin that? Or how do we hide this? Don't hide it. Somebody who's skilled at due diligence, especially if you've got a strategic or a, or a financial buyer, they're going to find everything. And if you disclose it in advance, you have a better chance of holding off on that retrade conversation. I've got, I've got stories about that, myself, that perhaps someone's going to interview me on this podcast about one of my transactions. And I'll tell about that story then, but before we jump into the break real quick, how did your, when did your employees find out and how did they react?

David Wible (27m 38s):
They, they found out, well, I had to bring in a couple of people just to, to right the ship on a couple of things. Right? So about three weeks before the actual date of handing over the keys, I brought my controller in just because of, there were some just transactional processes that I really wanted her to, to be a part of. And one of our architects on the technology side we brought in and then we told the entire team, the day that we were, we were turning it all over. And I think everybody knew, I mean, I was doing that for about 14 years.

David Wible (28m 20s):
So they probably knew the day was going to come at some point. And, but they, you know, they were little, little shocked to say the least. And, but you know, the other thing is the thing they care about the most is making sure that their career is going forward. They really don't. Don't, I wouldn't say they don't care, but they really don't care that you're gonna, you know, move on and go do something. And really at that point, it's not about boy. I wonder, I wonder how well, you know, these guys actually are th th that doesn't cross their mind.

Tom Bronson (28m 54s):
So how does it impact me? How does it impact me?

David Wible (28m 59s):
Yeah. And that, you know, that, that was, that was it. So I very few, you know, very, I had very few conversations about what am I going to do and more about what are they going to do? And, and that's what I expected. All right, we're going to take a break. We're talking with

Tom Bronson (29m 17s):
David Wible of the 17% club. We'll take a quick break and we'll be back in 30 seconds.

Announcer (29m 24s):
Don't you want to be a 17%er too? Of course you do. And we can help you get there. This fall mastery partners is on a mission to unmask the value of your business. With our incredible tool, the transition readiness assessment. And as we like to call it, the TRA. In a simple and complicated way, the tra unmasks where you are generating value in your business and where you aren't this comprehensive assessment, pinpoints your hits and misses. So you can focus on what's working and solve. What's not what you do today matters and will have a tremendous impact on the future value of your business. Get your tra today and be a 17% who to masterypartners.com.

Announcer (30m 7s):

Schedule a call with Tom and join tra challenge. Don't be deceived uncovered, and know how to build massive value in your business. We're

Tom Bronson (30m 18s):
Back with David Wible a business owner who has successfully transitioned his business in 2020. So what did you learn going through the process that you didn't know before David

David Wible (30m 33s):
A man, there, there were a lot of funny moments. Do we have we have, we have a time limit so, well, you know, it's funny, it's not some of the, probably the big aha things that, you know, some people talk about for me, it was the little mechanics that, that were really, really interesting. So for instance, at the end of the, the due diligence process, you know, you're, you're coming down to figuring out what all the numbers are. And again, that the number below the big number is really where the important parts are, but you're running a business and it's operating. So how do you know what the final numbers are? Right. And so I am freaking out as we're coming to the end of the days and mind you, I, I'm the guy on, on the, on the company side, how am I going to get all these numbers to line up perfectly?

David Wible (31m 23s):
And I'm completely losing my mind until my attorney finally says to me, I don't understand what you're losing your mind over. There's a 90 day grace period here where we're actually going to true the numbers up and yeah, that'll all flush itself out. So that was a really nice thing that someone could have told me upfront. And then the other thing was we in our deal, you know, we, we needed to set up an entity to, to be able to, to transfer the money and then disperse it to our shareholders. Well, no one told me that. Right. And so as we're coming down to the, to the end, my attorney says to me, Hey, what's the EIN number for the entity that you formed?

David Wible (32m 5s):
And I'm like, what entity? Right? Like, so those are some of the like goofy things that I was like, boy, that would be nice if someone had like a, a punch list for, for the owners to

be able to say, Hey, by the way, in the next, whatever few months, just form an entity. So we can, we can do all of this stuff. Right. And then making sure you find a bank that can actually wire out to your, to your shareholders, like just, just those things were, were a big, aha. I think the other thing was a lot of times when you're getting to sell your business, I think there's some folks out there that like, to kind of preach the fear of, you know, how are you going to create a SIM and tell the right story?

David Wible (32m 50s):
And, and you know, what is, what is the documents look like they need to share? And the reality of it is it doesn't have to be as, as laborious and a huge document that everybody said it needed to be. I found that really something a little bigger than an executive summary is what wet the beak of the serious buyers. And then we start going through, you know, what I would say that, that pre LOI process of getting them what they uniquely wanted to see in order to see if it was going to fit with what they wanted to buy. So this whole idea of going through an exercise of creating a massive book. What's another thing that I realized was, was a farce, at least for our business, right.

Tom Bronson (33m 36s):
It's not required for many businesses otherwise, as he said, yeah, that's confidential patient memory and for business transactions. So was there anything in hindsight that you would have done differently?

David Wible (33m 55s):
Anything I would have done differently? No. I, I was pretty happy with, with the way we, we executed things. I, I li I really liked the way everything went down. I don't know. Cause you know, probably any of my complaints was how many more requests am I going to get? And, and we were as clear as we possibly could be, but you know, certain people needed to be done certain ways, but, you know, I would say looking back, and now I know because of, of working in my new venture, building a better career trajectory methodology for each and every employee would have, would be something that I wish I would have done better because I think, I think I created more stress for, for those folks during the transit transition.

David Wible (34m 59s):
And, and some people I think got overlooked with, with some of the superpowers that I know they had, because we didn't do a good enough job documenting the special nature of our team. And so that, without a doubt is something I would have changed. You know, we, we, we had just started to deploy this action-based framework that we now have at work software, but yeah, that's probably my biggest regret. I could have done a hell of a lot better job at, at helping people build their, their live portfolio or their live resume.

Tom Bronson (35m 37s):
Right. I like that. That's thinking about the people and helping them boats down the line, because this is an important transition for them as well. Is there any advice that you would give to business owners who are just beginning to think about a transition for their business?

David Wible (35m 55s):
Yeah, I absolutely. So the first thing I would say is start having conversations now, right? It is never too early to begin a process of, of dating these people because at the end of the day, you're not going to know who they are and you probably will never really completely know, but you'll know a lot better if you start your process now and just start having conversations. And it's interesting to see how those innocent collisions start to lead you to the obvious buyers. And I think we all all here, oh, you know, you probably already know who the buyer is going to be. It's, you know, it's, it's probably a strategic and it's this, that and the other.

David Wible (36m 36s):
But I met a lot of amazing people along the way that introduced me to some really great people that eventually was the acquirer for our, for our business. I met them through a collision that I had made early on five years ago. The, you know, the, the person I was introduced to, we ended up putting a deal together. Right. And the nice thing is you also don't come across desperate and you can get a good sense of what the buyer is going to want to see. And so if you start early, you can start putting all of those building blocks in place. Now give them time to mature and settle into your organization. So when the due diligence process happens, you know, it's like, well, all, that's how we do business.

David Wible (37m 22s):
Well, you know, I got to cheat, which was awesome. You know, I got to, I got to get the playbook a half a decade ahead of when I was going to exit.

Tom Bronson (37m 30s):
No, that's right. Start early. I love that. I often say it's never too early. It's never too early. I have never gotten into a business. And some businesses I've held for as long as 17 years, I've never gotten into a business without first understanding what my exit strategy is. It didn't mean that that didn't ebb and flow because it changed with what was going on in the marketplace. Right. I might've been pursuing a revenue deal, but then the revenue multiples changed and then I needed a pivot and go to an even not deal. And, but if you know that stuff, it helps drive the decisions in the business. Now, when it came down to time to transition the business, did you have an idea of what you were going to do next already?

David Wible (38m 19s):
Yeah. Without a doubt, 100%. I, you know, the, the, the reason also that I wanted to get out of the business, it was in January of 2020, and I'll never forget it. I think everybody needs to understand what their values are. And when I say that, I don't mean the typical values. Like, you know, be a good father, be a good husband, be this, that, and the other thing I'm talking about, what is it that really drives you in, in business? And for me, it was, it was three simple things, right? I like my businesses to require me to be resilient. I require them to challenge me and I want them to be fun.

David Wible (38m 59s):
And without a doubt, when January rolled around, I had two of the three and it was the fun one that fell off and I'll never forget going to our board and just saying, I'm done. Like, you know, we, we had already hit all the magic numbers. We were doing dividends. So everybody was happy and no one was pressuring anybody to, to go. But it, it, it just, it, it, it lost its fun. And so during that process of, of selling the business, I got to dig deep and figure out what really kind of charged me up about business. And, and that's what helped lead me to, to the next thing I wanted to, to get, get started.

Tom Bronson (39m 41s):
So segue, tell me what you're doing now and how are our pumps might benefit from your new company?

David Wible (39m 47s):
Yeah, so it, it was, it helped that happen. Like I said, through that process, the, a lot of the folks that I was interacting with and showing what we were doing and having really cool conversations, I started to explain to them this thing I call the action-based framework. I always say, you need to know your superpowers. Mine happened to be thinking, drawing and talking. And so I like to draw some things out. And then in the action-based framework was, was something that I really, really fundamentally believed in. I didn't have a name for it. It, while I was running industry weapon. And I realized it is what helped me stay ahead of the financials. It gave me the ability to make changes in my business before the next P and L came out and we were cashflow positive, profitable, and debt-free very early because of it.

David Wible (40m 36s):
And so I wanted to build a platform that gave other business leaders, the ability to, to, to leverage it in their businesses. And I would say the nice thing about work software is we help people, you know, take the vision that got them where they are now and, and help them be able to scale it beyond where they can even think is possible by at the end of the day, empowering the people. Right? And so, like I said, one of my biggest regrets is, is doing more for the employees. So they were better prepared work software leverages action-based frameworks to be able to help take the vision of the business and distill it down to each individual career of every employee.

David Wible (41m 23s):
And so that's what we do. We, we help companies grow faster, utilizing a platform. I love it. And I love the software, you know, for our, for our listeners to the, if you don't know this, we've got a YouTube channel it's called the maximize business value YouTube channel. I had a David and his partner will on a webinar a couple of weeks ago, that is on our YouTube channel about work software. That goes into a much deeper dive onto

that software. I highly highly recommend that for any business owner that really wants to drive sustainable results and accountability in their business. And that's really kind of what we're all about.

David Wible (42m 4s):
Well, before we run out of time, I wanted to ask you a one last business question, because this podcast is called maximize business value. What's the one most important thing you recommend business owners do to build value in their business? I think the biggest thing is the quicker they can get to understanding what their value creation revenue is, the faster they're going to be able to create clarity in their business and simplicity. And when I say simplicity, I don't mean dumbing stuff down that I believe simplicity is a, is a very simple equation. It's frequency plus clarity, right?

David Wible (42m 45s):
So once you understand what it is that that is going to drive the value of your business, you need to constantly communicate that out to your team. And you need them to give you feedback on what they didn't understand about what you just said. Right? Cause kind of like what you were talking about, what you did for us on, on this, on this podcast was, Hey, some of you may not know what SIM is, right? And so here, let me give you the definition that happens every day in every conversation that business leaders have with their employees. So you got to increase the frequency of conversations that you're having in your managers are having, and you constantly need to make sure that you're creating clarity and getting them I code in an intensity score, right?

David Wible (43m 30s):
So we want employees to constantly be asking the questions to show that they're active in the business and to communicate where we're not making sense and, and, and, you know, say it a different way or our work with them until they get it.

Tom Bronson (43m 45s):
I think that's right. I was going to be really, really disappointed in you if you didn't bring up VCR.

David Wible (43m 52s):
I, I, you know what, it, I actually, for us, it industry weapon, when we learned about our VCR, it gave us the ability also to look at certain revenue streams and, and change their use. Right. And, and, and align them more with the things that drove value. And what was awesome about it is I could create more value for our customers with less costs by, by doing some of these exercises. So I think there's hidden gems for, for everybody once they understand what is the main driver of their business.

Tom Bronson (44m 26s):
That's awesome. In fact, I think we ought to follow up with maybe a blog post about what VCR is. Maybe I can write that blog post for us, or we'll have you on, on a podcast just to talk about VCR now as is the habit. I don't know if you listened, but our listeners always like it when we get to this question and that I ask a bonus question at the end. And so I have to ask you, even though we're kind of doing a different series here because long time listeners will be disappointed. If I didn't ask this question, what personality trait has gotten you into the most trouble through the years? I bet I haven't, but I can answer this, but I'd love to hear your, yeah.

David Wible (45m 9s):
You know, I take everything so personal. I am 100% a complete drama queen over, over stuff. You know, at times I just have a really bad attitude. And like, one of the things I know I love about businesses is really hating my competitors and wanting to like smash them into the dirt. And so that has gotten me in more, more trouble than, than I care to admit. Yeah. Because I know a lot about you and, and I wouldn't think that about you, I've always followed the philosophy, keep your friends close and your enemies closer to my enemies. Right. Wish I had that ability.

David Wible (45m 49s):
I just don't like, but it's, you know, it's, it's part of the fun, it's part of the, again, like I say, it works out for all the time now about, you know, knowing how to keep score in business, know what the goals are. Right. And, and business is a sport. Right. And so, so your competitors are on the other, other side of the, of the line. And, you know, last I checked

when, when games on, you know, we're not friends, I'm here, you know, I, I, you know, I, I want to win. And so yeah, that that's gotten me in some trouble.

Tom Bronson (46m 23s):
That's awesome. I love that answer. So that's a unique one. I don't think I've heard that one before. How can our viewers get in touch with you and with work software?

David Wible (46m 32s):
Yeah. So work software is a, you know, amazingly to me, especially in, in 2021, we actually have the URL, www.work.software, not.com it's dot software. I can be found david@work.software is my email. And you know, you can, yeah. I'm on LinkedIn. I'm all over the place I'm connected to you. So yeah, awesome, if they can't get me, they can get you and we'll connect.

Tom Bronson (46m 59s):
Well, this has been a great fun conversation. Thanks for coming on the podcast, David.

David Wible (47m 4s):
Hey, thank you, Tom.

Tom Bronson (47m 7s):
So you can find David Wible at work software on LinkedIn. And as always, you can reach out to me and I will be happy to make a warm introduction to my good friend, David Wible. You really should check out that new company work.software. I think it could be a game changer for you and your business. This is the maximize business value podcast, where we give advice to business owners who are passionate about building long-term sustainable value in their business. Be sure to tune in each week because this series is going to be a lot of fun. The 17% club called tales from the 17% and follow us wherever you found the podcast.

Tom Bronson (47m 48s):

Be sure to comment. We love your comments until next time. I'm Tom Bronson reminding you that it's never too early to start planning your ideal desired exit strategy while you maximize business.

Announcer (48m 5s):
Thank you for tuning into the maximize business value podcast with Tom Brunson. 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 on how to build long-term sustainable business value and get free value building tools by visiting our website, www.masterypartners.com that's master with a Y masterypartners.com.

Announcer (48m 50s):
Check it out. That was perfect. I wouldn't make any changes.