

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 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 of Mastery Partners, Tom Bronson.

Tom Bronson (34s):

Hi, this is Tom Bronson. Welcome to Maximize Business Value, a podcast for business owners who are passionate about building long-term sustainable value in your business. Now, I'm super excited to welcome back to the podcast Susan Bryant. She's principal at MB Group, a certified public accounting firm here in the DFW area. This is Susan's fourth visit to the hot seat. She's only been vested by one person, and that's Jim Roddy. He's been on the podcast five times. So Susan, you've gotta work yourself up here.

Susan Bryant (1m 9s):

Well, thanks for having me on. I feel like I've got a, I need to, I totally need to come back for maybe five or six and beat Jim out.

Tom Bronson (1m 15s):

Exactly. We gotta pitch Jim out. So now, she previously appeared on episode episodes 20 and 31 in 2020, and in episode 84 in 2021, in case you want to go back and listen to more wisdom from Susan now, but she's back now because once again, it's time to talk about year end business and tax planning. In fact, we probably should have done this a month ago. Susan is a different type of C cpa, unlike many CPAs who visit their clients once a year at tax time. Susan makes it a practice to really get involved with her clients. Now, as we've mentioned on this podcast before, accounting is the practice of looking backwards.

Tom Bronson (1m 56s):

It's a history book at the numbers, so to speak. And finance is the practice of looking forward and planning for the future. Susan and her firm, the MB Group, fill both the accounting and finance roles with their clients, which is a unique proposition. She takes a sort of a pseudo c f O role in the businesses that she works with, and I can tell you they count on her to be their trusted advisor. Today we're gonna focus on preparing for year end and talk about Susan's ebook, a CPA's recipe for Business success that came out earlier this year. So welcome back to Maximize Business Value.

Tom Bronson (2m 36s):

Susan,

Susan Bryant (2m 37s):

Thank you so much, Tom. I'm really, really excited to be here.

Tom Bronson (2m 40s):

I am so glad to have you. I can't believe four times it, it's like you're an old pro. You're, you could interview me here. So let's start by talking just a little bit about the MB group. Tell us a li I told a little bit about it, but tell me a little more.

Susan Bryant (2m 54s):

Well, MB group is really, we, we are endeavoring to be a progressive type of accounting firm where we approach everything we do in a very unique way. We wanna be an agent for positive change. We wanna be a transformational force for our clients. We don't want to be a same as last year type accounting philosophy with our teams. We wanna create leaders, we want to work with people who have a mindset for improvement and growth. And that all sounds really interesting coming from an accountant, right? Like I thought you were gonna talk about like you wanna do, you know, financial statements and, and tax returns, is that we have to start with some of these fundamental principles, which are really guides for us to follow.

Susan Bryant (3m 39s):

You know, we wanna be disciplined in everything we do that really guides the accounting side. We wanna be creative and innovative. That guides our advisory, advisory side, tax planning ideas, you know, all of these things sort of work together, but we just, we wanna be different than all the other accountants out there, and we're gonna do a lot of the same things. We're just gonna do them differently.

Tom Bronson (3m 59s):

I, I know you're firm well, and I think you've succeeded at being different than, than most of the others out there. And I would encourage our folks, especially in the DFW area, to reach out and have a conversation with Susan and her team at the MB group. We'll talk a little bit more about that toward the end of the podcast. Let's start talking about your new ebook, a CPA's recipe for Business success. The first statement you make in the book is like getting hit in the face by a two by four with, for any business owner, you say, and I quote, without a doubt, the success and value of a business is judged by profitability. So many business owners just really don't understand how businesses are valued.

Tom Bronson (4m 42s):

So why do you say profitability is the key to success? It sounds counterintuitive, but why do you say that?

Susan Bryant (4m 50s):

Well, you know, I think that that when, and you know this best, when we talk about what someone is buying, they're buying the future cash flows of the company that's typically determined based on profits. So it really boils down to the performance of your, of your business. That's why, I mean, even I, I talked in the book a little bit about this is, you know, it's crazy to me why people don't invest more money in building such a solid accounting function, because literally accounting is the beginning and end of your business. And, and, and accounting is threaded through every possible transaction and business decision that actually occurs in, in

the business. You hire somebody, there's a, there's an accounting transaction.

Susan Bryant (5m 32s):

You lease a new office accounting transaction. I mean, every, everything results in some type of accounting transaction. So I, I just don't know if I, I don't understand necessarily why more business owners don't focus on profitability. Right? Or they aren't just, just obsessed with it,

Tom Bronson (5m 50s):

You know? And I think it extends even beyond that thinking about too many business owners just look at the bottom line, right? Okay, so now, now I see that I'm profitable or whatever, but I think you can dive deeper into this. If you've got the right accounting practices, if you're, if you are, are measuring and monitoring the right things, and we'll talk about KPIs in a minute, but, but you should be able to measure profitability by customer, profitability by line item, profitability by service type, because the bottom line does, if you just look at the overall picture, the bottom line doesn't tell the whole story. Would you agree with that?

Susan Bryant (6m 29s):

Yeah, I think you definitely need to be, to dissect it in different ways, manage it in different ways. And ultimately, as you also know, well, when a due diligence team walks in, they're gonna be slicing and ding those numbers just the same. So you better be prepared with the data to help them support the conclusion that your business is worth what you say it's worth. Right. And how much you wanna get. And that's only gonna be driven by how much data and good data you have to support all of those conclusions.

Tom Bronson (6m 57s):

Yeah. I, I wanted to start with that question about that statement because I, I think never a truer statement has been uttered something like 97% of all business transactions that actually reach the finish line are based on a multiple of ebitda and what is ebitda, but profitability, right? Yeah. It's cashflow. It's, it's, and so, so business owners that think they're going to transact on a multiple of revenue or, or some other basis are just fooling themselves because the odds are, are that the transaction that you get is ultimately gonna be based on earnings.

Tom Bronson (7m 40s):

So you want a strong set of earnings, you want to be focused on that profitability, and it makes sense to pay attention to, to how you stack up in your industry too. You know, if your, if your industry is averaging 15% profit, you should be doing that at least, if not better. You know, you want do better than the industry. And so, so I love the fact that you jumped right out there and said, you know, think about profitability even before you started getting into the recipe. Anything else you want to add to that?

Susan Bryant (8m 10s):

Oh, man, it's, it's interesting because when I literally, I said, I'm gonna write those, and I, it just came out was

like one of those things where like, I guess it was meant to be, it was just had had to all just come out. Yep. But it's been sort of like a, a culmination of a lot of different books I've been reading even, you know, I would, I don't wanna say experiments, but I mean a businesses and experiment. But, so the things that I've been sort of toying with in my own business, like, and, and working with other business owners and seeing their challenges, and I, I really tried to find something that was brief because people ask me to read books all the time, you know, and they're like 700 pages.

Susan Bryant (8m 54s):

I mean, I can handle like a 120, 150, I'm good, but, you know, I is, you know, those really, really thick ones I can't. So I wanted to get it into a brief content where I knew my very busy business owners. Yeah.

Tom Bronson (9m 5s):

When someone hands you that, you probably don't wanna read it, but maybe when they hand you that, it's okay.

Susan Bryant (9m 10s):

Yes, exactly. You know, and I,

Tom Bronson (9m 13s):

By the way, on YouTube, I just showed the, the, the business reference guide, which is a, which is a bible for me. You can see how I've marked it up. But it's a really, really thick book. It has probably, I don't know, 800 pages juxtaposed against my new book, which only has 178 pages. So, so I think you're right. Brevity. Get to the point. Yeah. Move on. I mean, is is the right answer,

Susan Bryant (9m 37s):

Right? And I mean, these business owners, I mean, you, you're a business owner. I'm a business owner, I work with business owners. I mean, they barely have time to do any, I mean, that's, that's the thing. They appreciate the most time. I need more time. I need more time. They wanna outsource, delegate, get this stuff off their plate. Right? They got, well, they should be working on those things to get more time so they can work on more things. But they, they are short on time no matter what. They're pulled in a hundred directions. So we gotta give 'em the information in small dosages.

Tom Bronson (10m 3s):

Yep, exactly. And I think that the book is very cleverly done. In fact, cleverly written like a recipe, if you will. So it, it has, it has ingredients. So let's talk about some of the ingredients in the recipe for success. Why is it important for business owners to have a clear concept of personal and business financial goals?

Susan Bryant (10m 25s):

I mean, if you don't know where you're going, you don't have a way of getting there.

Tom Bronson (10m 31s):

The old Cheshire cat con concept. Yeah.

Susan Bryant (10m 34s):

I mean, and can I think of this, I heard someone talk about this of like, kinda like Apple maps, right? So if you say, oh, I wanna go to Home Depot, you put in Home Depot, and then it tells you, you can come outta the parking lot, take a right and go left and blah, blah, and then it tells you how to get there. I mean, I think that that's should be the same way that we approach our goals, right? We said, we, the goal is Home Depot, and then we figure out how to get there. And then, you know, you, some of those are maybe six months out, year out, whatever. But we have to be thinking about it the same way. We're trying to create a map for ourselves on how we get there. And if we can't figure out what the map should look like, that's when we sort of go to somebody else. Whether that's someone like you or me or an attorney or some coach or advisor of some kind that says, Hey Kate, how can I get from where I am to where I wanna be?

Tom Bronson (11m 21s):

I, I love that. I love that analogy too, because it just occurs to me, I don't know why I've never used that before, but it occurs to me, you know, if you, if you need to pick something up, you just don't randomly get in your car and start driving and hope you pass by the right place. Right?

Susan Bryant (11m 38s):

Right. You know where you're going.

Tom Bronson (11m 41s):

You, you, you know exactly where you're going, and when you get to the store, you know exactly what you need to purchase. And unless you're going to the grocery store, and then it's really a danger if you're hungry because you know, I'm gonna come home with all kinds of things that will never get eaten in this house. Right.

Susan Bryant (11m 56s):

You know, and just like a map, it's, you know, it's like, hey, you know, there's detours and there's stops along the way, and, you know, it's,

Tom Bronson (12m 3s):

You know, otherwise you're just randomly driving Right. Randomly in the woods.

Susan Bryant (12m 8s):

Yes. I mean, and that's what I refer to in the book is like, you're on the hamster wheel, you're just on the, you're just constantly doing something with no purpose. Yeah. And I think that that's, I think that sometimes

when people look up, like I, maybe I would kinda liken this to like a mid, like, like prices or something where they wake up and they're like, what am I doing? Yeah. What have I been doing for the last decade or 20 years or whatever? Like, what is this all for? Why am I here? Like, and I feel like that's, and maybe there are people who are, are having those moments, and maybe that's good that you're having that awakening, but man, I'd love for people to start off with being more intentional so they don't, because think of it all the time, they got wasted, but they just

Tom Bronson (12m 49s):

No. But imagine. But, but it's never too late to start. Right? It's

Susan Bryant (12m 52s):

Never too late to start. It's true.

Tom Bronson (12m 53s):

Yes. 60 year old business owner who doesn't have those goals set them now. Right. Don't

Susan Bryant (12m 58s):

Set them now. Yeah.

Tom Bronson (12m 59s):

Wait and, and get with your CPA in your business and get with your financial advisor and determine where it is that you're going. You know, look how, look how you've come and, and see where you can go so that you can set those targets. I agree that, that don't start without a map. Another one of your key ingredients is, I love this working knowledge of key financial metrics. And here it again, here it is again, a focus on profitability. So why are metrics so important and, and how should business owners be using them?

Susan Bryant (13m 38s):

Well, I think there's a couple different types of metrics, right? So we have, you know, indicators that tell us how things have happened in the past. That's good information for us to understand performance, historical performance. But we all should also be trying to build like, leading indicators, right? So where are we going? And, and that's all should be in alignment with those goals, you know, what we're putting on the map. So it's really sort of taking what we know in the history of this information, which is objective, right? So that's a good thing about metrics. They're objective coming from data that is mind in our accounting, solid accounting processes, right? Or operational activities.

Susan Bryant (14m 18s):

And so the, the, the data objective data is then turned into information that helps us to make better decisions about either how things did perform or how things are going to perform in the future.

Tom Bronson (14m 29s):

Right? To me, the, the the key performance indicators, metrics, whatever you want to call them, KPIs are kind of the, it, it lets you know if you are, are going o you know, going outside of the lines if you're painting outside the lines, right?

Susan Bryant (14m 47s):

Oh yeah, absolutely. I mean, and you know, that's sort of, it kind of, I guess guess that's sort of the way, you know, it's kinda like those little graphs that they would show where it'd be like, okay, even like your car, like, you know, hot and cold, right? If it gets into the red part, like, oh, danger, danger, you know, like you put the heater on and turn off the car or something. So I, I mean, yeah, I think that that's exactly what it's supposed to, you know, this is like kind of harkens back to some of the e o s mentality, right? Which is sort of like, what are the key numbers you need to know? If you were on an island for 30 days, what would those numbers need to be? And I like that philosophy, and especially when it comes to financial metrics, because you, you really have to have, you just gotta have happier finger on the pulse all.

Tom Bronson (15m 32s):

I agree. I agree. The, but it's to me too, of course the book is written from someone specifically about finance and accounting. But, but key metrics applies in every department. You should have, you should have performance metrics for, for your delivery, for, you know, for your delivery mechanism, whether it's a service or products or whatever. You should have metrics on marketing, on sales, all of those things that kind of add up and give you a pulse of what's going on in your business. And that's one of the first things we set up. We love clients that ha, that use e o s, the entrepreneurial operating system. And of course we've done podcasts on that in the past because they have a scorecard.

Tom Bronson (16m 14s):

And the scorecard is typically things that are important to measure in that business. I've always used scorecards, I've always looked at KPIs. One of my favorites is cash, right? Yeah. I want to know every day what my, you know, when I'm, when I'm running a business, I want to know what the cash is and our C f o every day, the first thing that she did when she came in was hand me a slip of paper that told me how much cash is on hand, what we expect, what's the ar what's the ap, so that I know what our cast situation is. Cuz David Hammer on his podcast that we did earlier this year, said the number one reason businesses go under is lack of cash.

Susan Bryant (16m 56s):

Absolutely.

Tom Bronson (16m 57s):

So if you're not involved cash, how do you know?

Susan Bryant (17m 0s):

Yeah, I was just listening to scaling Up. I haven't finished that book all the way, but that's, that's even one of the four things that they talk about for, you know, growth companies. You know, if you wanna be a gazelle, I mean, it's like people, processes, there's another one and cash. Yeah. And those are four things you gotta manage. I mean, cash, cash is king, or if you're me, cash is queen.

Tom Bronson (17m 22s):

Yeah, that's right. That's right. Hey, I have a, a wife and, and three daughters. So with four women, cash can be queen here, that's for sure. All right. Next, when we, when we work with our clients, we talk about how much time they spend stirring the sauce. In other words, how much time they're working in their business rather than on it. And you say the ability to recognize, as you, you mentioned just a second ago, when to get off that hamster wheel and start working on business strategy and planning. That to me is just huge. Tell me more about that.

Susan Bryant (18m 0s):

Yeah, I think that, I think adults are, we are terribly unimaginative. I mean, it's actually kind of sad sometimes I have to stop myself and I'm like, you know, I'll, I mean, we're negative or we like to, like, I think we temper that with like, well, I'm just being realistic. Like, like that somehow makes my negativity better, right? So yeah, I think that when, when someone has ability to be like, okay, I've been working a lot on a lot of, whether it's operational activities or customer facing activities, customer focused activities, being able to step back and say, okay, everything here seems to be running good.

Susan Bryant (18m 44s):

I need to take a break from that, disconnect myself and just do some thinking, dream a little bit. What do I want this to look like? What could we be doing better? You know, go think about some of the technologies that are impacting your industry. Think about, you know, go look at trends. I spent a lot of time talking with my husband about his business and, and I've helped him to create a, a lot of automation so he can go and research new products that are gonna be more interesting to sell. And you gotta have time to do the thing that inspired you to start this business in the first place. Otherwise, you're just gonna be burnt out and you will not be the type of leader who will take the company to where it, where you would love for it to be.

Tom Bronson (19m 27s):

Right? Yeah. You just gotta take time to, to step back and plan. And when we get onto the second half of this podcast, we're gonna talk about some things that maybe you ought to think about this time of year to, to plan for. So, so at the risk of sounding a little self-serving, when I say self-serving, I mean me, not you, Susan, is you talk about the willingness to seek expert help on the complicated and risky stuff and listening to and respecting the professional advice. Now, can you give me some examples of things that you think a business owner should seek advice for? I've got my own examples, but give, give me some of your things that you think about when you think about statement.

Susan Bryant (20m 6s):

Well, I mean, accounting, tax, legal, insurance, any type of risk management for succession planning, entities, structuring, oh gosh, a compensation planning, hr, payroll. It,

Tom Bronson (20m 23s):

Would it be easier to say things that you shouldn't seek professional help?

Susan Bryant (20m 27s):

Right? Right. And, and right. Then it would be like, include, but this is not a complete list. You know, I think it's just one of those things where as soon as a client walks in and they meet with me, the first thing they say is, I'm not an accountant. Right. Like, I'm expecting them to be an accountant. Like, I know you're not an accountant, otherwise you wouldn't, you, you wouldn't be here. Right? Right. You started a business to do something that you are incredibly great at. Let us handle this for you. And I feel like more and more business owners need to have this a really, this a attitude change away from the, the DIY mentality of like, well, I can try to figure that myself.

Susan Bryant (21m 9s):

I mean, I really threatened to like, I'm gonna go out and buy like www.google.advisor.com and that's gonna be me. Okay. Right. Because everybody wants to Google everything and there's just no replacement for the ad for specific advice for your specific situation. General advice for general situations is not good enough.

Tom Bronson (21m 31s):

Right.

Susan Bryant (21m 32s):

It's just not good enough.

Tom Bronson (21m 34s):

And knowing just a little to enough to be dangerous is not good enough either. You know, I

Susan Bryant (21m 39s):

It's dangerous.

Tom Bronson (21m 40s):

Yeah. It's, it's funny. It's one of those things that's kind of hard. It's, it's almost like an oxymoron, right? That business owners don't like to, to invest in advice and they think of it as spending and if they get the right advisors, it's really an investment in the future of the business. I hear over and over just last week, I got the most amazing compliment from one of my new clients that we picked up this year. I sent her a nice

Thanksgiving note and I said, Hey, it's been a real pleasure, you know, working with you this year, and I hope you have a wonderful Thanksgiving with your family. And her response just, just knocked me over and I'm still writing Hiya. She said, this is likely the best investment I've ever made.

Tom Bronson (22m 23s):

Well, that's, that's what we hear. And, and Susan, I guarantee you hear the same thing from your clients when they invest in doing your year end tax planning stuff. It's not free, but it saves them and, and ultimately makes them more money if they, if they get the advice that they need. You know? Would you agree with that?

Susan Bryant (22m 43s):

Oh yeah, absolutely. I mean, it's, the client is, gets the upside. Yes. You have to, you have to compensate your professionals fairly for the knowledge, for their contributions to the value that they bring to the table. Absolutely. Yeah. But truly the upside belongs to the client. They get, they are the one who reaps all the benefit, the reward of all its information. I mean, I've got one client who is a younger gentleman and if I suggest something to him, he li he listens. Like I had, I asked him to read traction, he read it, he started implementing it. We had a few tax strategies. He's like, I'm on it. Let's do it. Get 'em done. I mean, because he listens, because he is so receptive.

Susan Bryant (23m 26s):

He wants to learn that eager, that undying curiosity of like, let me figure this out. How can we do this? Like, but I trust you dude Lake. Give me the ideas and just execute on them. Like there's no replacement for that. He will, I, you know, I've, I joke with him and I'm like, Hey, when I'm an old Grammy sitting in my rocking chair, like, don't forget about me, cuz you're gonna be like on your yachts and in your vacation homes all across the world, you know?

Tom Bronson (23m 52s):

That's right. Well, and I, I agree. I think that, that the client does benefit from that and those that are open and, and will listen and, and implement what you're doing, it goes hand in hand with something else you say in the book that we're just not gonna have time to get into. And that is kind of be an avid learner, right? I call it an avid reader, avid, you know, but lifelong learning is important and that's why I read 50 books a year. That's why I actually write books for business owners. And you did this great ebook for business owners. Learn something every day. It doesn't matter how long you've been in your business. Learn how to, how to do things better and, and new things that you can implement in your business.

Tom Bronson (24m 37s):

I promise it will go a a long way. I had one other side story when I just engaged with a new client a couple of weeks ago, and when I sat down with the management team to kind of review my fee structure and how it worked, I could tell that there was some skepticism about whether or not it would be of any value in our first

meeting. After 90 minutes of sitting together, the CEO looked at me and said, I think we're underpaying you,

Susan Bryant (25m 5s):

Man. Okay, well, and

Tom Bronson (25m 7s):

I said, I said, sure, I more, I said, you know, I'm glad you feel that way, but you get the upside on this. That's

Susan Bryant (25m 12s):

Right. It's true, it's

Tom Bronson (25m 13s):

True. So now I can go on all day on your short yet powerful ebook, but instead I'll suggest that our listeners go download it, it's free and read it for yourself. You can find it at [m, let's see mgcpa.com](http://m.mbgcpa.com). That's MB groups. So mbgcpa.com or we'll have a link to it on our newsletter this week. It's only 16 pages, but it is powerful enough to change the outcome for you. 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.

Tom Bronson (25m 55s):

Cuz if you follow us, you'll get advanced notice. You'll know before everybody else does when we've dropped a new podcast. Until next time, I'm Tom Bronson reminding you too. Plan for year in while you still have time as you maximize business value.

Announcer (26m 14s):

Thank 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.masterypartners.com. That's master with a y mastery partners.com. Check it out.

Tom Bronson (26m 49s):

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