

Announcer (3s):

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 (35s):

Hi, this is Tom Bronson, and welcome to Maximize Business Value, a podcast for business owners who are passionate about building long-term sustainable value in your business. This podcast is part of our series with speakers from the Business Transitions Summit. The Business Transition Summit is our event coming up on May 2nd this year for business owners to learn how to maximize the value of your business and begin preparing for your ideal transition. You know, people are going, businesses are all going to transition one way or another.

Tom Bronson (1m 16s):

Wouldn't it be better to do it by design rather than by default? Registration is open for the Business Transition Summit at [Business Transitions Summit Transitions has an s transitions summit.com](https://www.businesstransitionssummit.com). Now, this episode, I'd like to welcome our guest, mark Mitford. He's the managing director at HR Catalyst. Mark will it, this is I think, his third appearance on our, on our podcast, and he will be one of our featured speakers at the Business Transition Summit, and he will be speaking on a very interesting topic, succession planning. So I'm excited to welcome you, welcome to Maximize Business Value again, mark.

Mark Mitford (1m 59s):

Great, thanks Tom. Appreciate the invitation and I'm looking forward to the presentation coming up in May and sharing, hopefully sharing some valuable information that'll be really insightful for the, for the attendees,

Tom Bronson (2m 11s):

I am confident that they will, you know, succession planning, as you know, is something that is so often very overlooked by particularly small businesses and, and, you know, lower middle market company. So I'm excited to have you speak on that topic. And, and remind me, do you, is this your third visit or fourth visit? I can't remember to maximize business value?

Mark Mitford (2m 34s):

No, I think it's my third. Okay. I think it's actually my third, so, but no, definitely looking forward to the conversation today. And yeah, I think I've, I I think the two of us, we, we've known each other long enough that it should be, hopefully it's a good conversation and we'll again, we'll be able to share some valuable tips and some insights with folks as we go along here.

Tom Bronson (2m 54s):

Awesome. So let's start out, even though our, our audience has heard this before, tell us a little bit about HR Catalyst.

Mark Mitford (3m 2s):

Okay, so HR Catalyst, so actually I started it 10 years ago. It's unbelievable. Very blessed with that. So 2013 started it near the end of 2013. And what we do are for, for anybody who's listening in at, they understand the fractional model. In essence, we are outsourced VPs of hr, so we provide strategic level services, human capital, human resource services for organizations that are growing, that are changing. And in a lot of cases, as they grow, they're finding that they're having more and more of the business challenges are actually people related.

Mark Mitford (3m 43s):

So in essence, in the nutshell, we actually help to create and then implement a people strategy for a business that is going through some change or growth so that the business could be more proactive around human resources versus reactive as most lower middle market size companies are today.

Tom Bronson (4m 1s):

Yep. I, I, I think I agree that, that many issues really are human capital related and so, and of course we work together with a lot of clients and so I'm excited to, to have you here and, and partner with you with our clients. Now you're speaking at the, the, the session that is, that you're speaking at at the business Transition summit is called succession planning to ensure continuity whether you sell or not. So tell us a little bit about what you're gonna cover in that session.

Mark Mitford (4m 40s):

Sure, I would, that's, that's great. Thanks Tom. Yeah, yeah. What I'm gonna be, what I'm gonna be sharing with and in that session is really gonna be, it, it's for business owners that it's really understanding the business, really the business case for succession planning. Why is it so important? Because in a lot of cases, like you alluded to earlier, Tom, you know, the business owner, they have no intention in selling the business or transitioning the business, but you never know things can happen. I was with an organization when I was corporate where the c e o of the organization, well as Texas Instruments, but very large or iconic company based in Dallas, the, the, the CEO was the picture of health.

Mark Mitford (5m 24s):

He was 55 or 56 I think, and he dropped dead in a business trip to Germany. So, and it just happened. And that, that happened in the mid 1990s, I think. And then they were, they weren't scrambling, but you just never know when something can happen. A a business owner can retire, a business owner can be looking at transitioning to a son or daughter who's going to be taking over the business. They can be looking at other things going on. So you just, you just never know when there may be a large, also just a large life event, a car accident, something you know, very negative happens to an individual to where the person who was

running the business for years and you assume will continue to run the business is no longer available to run the business.

Mark Mitford (6m 11s):

So we're gonna be discussing the business case for succession. Why, why planning, why is it so important? Understanding the key components that make up succession planning. And then also we're also gonna be giving out somewhat of a, a probably a, a simple one sheet on how do you get started, what are the how-tos that are really critical for succession planning and, and well, how do you build a succession planning process. If you wanna do a DIY and do it yourself, we're gonna make sure that they are equipped to be able to do a session after they finish up with the summit in May.

Tom Bronson (6m 44s):

So that, that really was my follow up question, which, you know, what can our attendees, you know, expect to learn from that session? You're gonna give 'em really sort of a, a, a worksheet to be able to go back and do some of this at their office, is that what I'm hearing?

Mark Mitford (7m 1s):

Correct. Right. Just so you know, if, if they need help, of course we would be happy to have a further conversation, but in a lot of cases it's just, it's just like a lot of things around that that, you know, as well as I do, Tom, it's just getting started and executing. So when we're gonna give them the tools and again, just the basics behind it as to how do you execute this, even if, even if you have a, a leadership team members of, let's say a leadership team that's composed of three people or five people, even if you're a 50 person, 25, 50 person, a hundred person organization, every one of them is critical that they consider succession planning as a key business process.

Mark Mitford (7m 43s):

So we're really gonna help them to give them the tools to be able to implement this process successfully.

Tom Bronson (7m 48s):

I love that. Yeah. You said a mouthful there, you know, half of the battle is just getting started. Right. And, and so it sounds like the folks that attend your session are at least gonna be armed with a process to get started, which, which is at least, you know, a step in the right direction. And of course if they, they can then just get started, just do it right. Sure. You know, execution, half the battle of execution is just getting started, so, okay. It sounds like you're pretty passionate about this topic. Why are you passionate about it?

Mark Mitford (8m 23s):

Well, I, I guess two, two basic reasons. One of them, I've seen the process done very well at some companies I've worked with and I've seen the process being done very badly to where, so, so I think that's one of the reasons I'm passionate because hopefully in the times where I've seen the process done well, I've

actually facilitated the process. So hopefully the outcome is positive. When I facilitated it as part of the services HR Catalyst offers, then, so I knew, I know some of the watch outs and some of the things you, you need to make sure that you don't do, and ideally I'll be able to mix in some of those in the discussion we have in May. So, you know, because I think that it's one of those things that nobody wants to talk about a bad scenario.

Mark Mitford (9m 7s):

Nobody wants to talk about if this happens, if what, what happens if I'm no longer available to run the business. But for some people, and you know, business owners, some of them are running their business when they're in their late sixties and seventies and you know, at some point they're either going to decide or a family member, a spouse and such will decide you're no longer gonna be spending 50 to 60 hours in the business. You need to start playing and having fun and working on the business strategically. So this is really one of the reasons is strategically, it's like you working on the business as part of why the whole business case of succession planning is so important. So that's, that's kind of where I'll, where I'll finish up there.

Tom Bronson (9m 49s):

Awesome. So what, what qualifies you to be the speaker on this topic?

Mark Mitford (9m 56s):

Yeah, you know, I, I look, I look back and, and just, it's interesting because I think back, I've been doing HR work now, my gosh, actually this year is, I used to have dark hair, so 33 years is when I started doing HR work March of 1990. And so I started doing succession planning work in some, in some shape foul form or fashion in 1995. So good or bad is, I would say I've been around the block a few times around doing succession planning since 95. So, you know, so 20, you know, almost 30 years in that and doing that. So I think through that, again, I have a lot of information I can share the watchouts and also some insights as to what does it look like when you do this well that I can be able to share.

Mark Mitford (10m 45s):

So just given that level of experience, I'm probably running, I would estimate, let's say probably a hundred different succession planning sessions in, in, in that timeframe.

Tom Bronson (10m 56s):

That's amazing. You know, one of my great mentors, my father used to say, if you really wanna learn how to do something, go watch the master. And, and you have really mastered this process. You've, you've, we've done some succession work together and, and I know that, that you are gonna have this great session in that the folks that come there are gonna walk away just with great information, which is really what the Business Transition Summit is all about, is educating business owners on some things that they can do to, to, you know, eliminate risk, right? Because that's partly what you're talking about here is, is reducing or mitigating risk in the sense if something happens cuz not only for the business owner but for those key

people as you already mentioned.

Tom Bronson (11m 48s):

But I will say that, you know, you're gonna have some competition at the, at the summit because we have 16 concurrent sessions going on and you are, you'll have, you'll be in a group of four, so there'll be three other places that people can go during that time. Why should they plan to come to yours as opposed to going to the others?

Mark Mitford (12m 16s):

Well, that's a great question. Well, first of all, I love competition, so, and I think they're all gonna be good. So I I I'm not sure the, the, I guess the best way I would put it is that, you know, succession planning and when it comes down, I think the whole basis of the summit, the business transition summit is, you know, it's how do you create value in your business? And one of the key things that I would say, and I know that the two of us, the two, the two of us have spoken about this several times, is that you really have, you know, not having a good idea of how you're gonna transition your business from a leadership perspective is, is really critical.

Mark Mitford (12m 57s):

So if you are looking at possibly an exit strategy and actually selling your business, one of the key components if I was looking at purchasing your business would be tell me about who is going to take over the business when you're not, when you're no longer active in the business. And if their answer is, I have no idea cuz I'm expecting to continue to work here forever, then I would say as a prospective buyer, that's a huge gap from that perspective. So I think one of the reasons they should come to my session round succession planning and business continuity is that here it really is a business imperative.

Mark Mitford (13m 37s):

It's not just something that's nice to have, it's something I would really, I would be a big proponent to say it's, it's a must. You you must have it, it's not a, it's not a fluff thing, it's not a luxury. It's really a must have and therefore coming to this sucus will help you either even if you're selling your business will help you create more value. Or if you're just gonna transition your business to somebody else in the organization, then it's just gonna help you to give that smooth transition process and help you smooth out some of the rough edges that you might have currently.

Tom Bronson (14m 9s):

Yeah, that's, you're absolutely right that businesses that are, that are owner dependent are very difficult to sell. In many cases they're unsellable, you know, if you have a, a sizable, let's call it a lower middle market company doing 50 million that has some owner dependency issues, you're gonna take a haircut on the valuation maybe as much as, you know, 25 to 50% of the value because all of that tribal knowledge that resides with the owner once he cashes out, who knows how to carry on that business.

Tom Bronson (14m 51s):

On the other hand, if you're a small business, let's say, you know, 10 million or less and you're owner dependent, you may be worth nothing because no one wants to buy a business that can't operate on its own. A having a great succession plan and having managers run the business on a day-to-day basis where the business owner can then step back and be strategic and think about the, the business strategically dramatically improves business value. So in a real sense, succession planning can, can make an enormous difference in the value of the business. And so, so I couldn't agree with you more completely now I've asked you this question before and so let me maybe rephrase this last business question and that is, you know, this podcast is all about maximizing business value and of course that's exactly what the summit is all about, maximizing value and, and you know, planning for that eventual transition.

Tom Bronson (15m 53s):

So rather than saying what is the one most important thing, what is one thing a important thing that a business owner can do to build value in their business?

Mark Mitford (16m 4s):

Wow. Yeah, no that's great cuz I was, I was thinking we've already touched on what, what I, you know, I was a, when you mentioned that's that sentence a minute ago that you just alluded to, I was kind of going to talk about that, but let me, let me shift gears just a second. I would say one of the biggest things they need to be thinking about is the one thing they need to get started with. Now in a couple of companies I'm working with right now, we're actually doing some basic, some base first line leadership training. And I would say one of the key things is, and that the number one thing that why people leave an organization, I know everybody's talking about the great resignation and so on and so forth, but I think the, the reason people leave an organization is because they do not trust or they do not respect their boss, their first line manager.

Mark Mitford (16m 54s):

And I would guarantee you in 95% of the businesses that we work with, the lower middle market space, they do little, they do little to no leadership training on equipping their first line managers to actually manage people and to communicate with people to create teams to actually work through performance issues and coaching sessions. So I would say that the one thing that every business owner needs to do, the, the first line managers and sometimes they're the unsung heroes, but they're a person normally is not gonna leave because they don't like the president or CEO of the business.

Mark Mitford (17m 34s):

They're gonna leave because they do not like or trust or respect their first line managers. So invest, you don't have to do, you don't have to make a huge investment from a monetary perspective, but invest in your first line managers and make, make sure you're selecting people who wanna be managers because in a lot of cases somebody's thrown into a managerial or supervisory position just because they're the technical expert in that field. And sometimes that's the worst reason why you should actually make that person a

manager because they have no people skills. And so make sure you do that very wisely to, to actually promote people in those jobs. And then secondarily is make sure that you actually invest in them and give them the tools to be successful so that they can do a good job for the organization and be able to coach and retain the right people.

Tom Bronson (18m 24s):

I think that's brilliant. The, you know, too many businesses, we see it in sales all the time. You take a great sales rep and you need a manager and so you just turn 'em into a manager without giving them any training and you do two things. You, you remove your top salesperson from being a producer and you promote a terrible manager, right. Who is probably gonna be very unhappy because, you know, management skills are very different from the technical skills of, of selling, but that applies in any department, right? Right. Just because somebody's really good technically doesn't mean that they'll be a great manager and vice versa, a great manager can probably manage anything, right?

Tom Bronson (19m 9s):

I mean manage, manage any type of a department. If you have a really great sales manager, I'll bet they could be great at managing operations as well or, or vice versa or finance. And so management skills are in, they are a learned trait, right?

Mark Mitford (19m 29s):

Sure.

Tom Bronson (19m 30s):

It's, it's very rare that you find somebody who has natural management ability that's not really trained properly to do that. So, so I love that as being some great advice. Some of the best advice that, that we've heard on this podcast. So I, bonus question we're mixing it up. Question, what advice would you give your 18 year old self?

Mark Mitford (19m 58s):

Yeah, that's wow that that'll, that takes me back a few years. So yeah, I, I would say, you know what, stop and smell the roses. Of course, maybe not, maybe not the roses literally, but it just figuratively just, just stop and enjoy the moment. I was still for, for the, you know, your, your guests. I grew up in Canada. I was there from when I was seven till I was 19. So, so yeah, just stop and smell the roses and enjoy cuz I, I was involved in numerous things both musically and athletically and I was just run from one thing to another to another and I think just stopping to smell the roses and enjoy the moment versus trying to get to the next big thing that sometimes just taking that moment to breathe and relax and actually enjoy the moment you're in is probably something that I think my 18, 18 year old self should have done it a little bit more.

Tom Bronson (20m 50s):

Yeah, that's a lot of us need to do that. Right. Should have done that's true when we were 18. So, no, don't get me wrong, I didn't have a lot of fun, you know, I was 18 but there's some probably some things that I would love a redo on, but

Mark Mitford (21m 6s):

Me too.

Tom Bronson (21m 7s):

So how can our viewers and listeners get in touch with you?

Mark Mitford (21m 11s):

So our website is hrcatalystconsulting.com. You can also find us on our YouTube channel, so HR Catalyst Consulting, and then we also have a podcast series out on all the major podcast channels like Spotify and Apple and what have you. That is HR problem solvers. And then the last thing you can do is look, look me up on LinkedIn, just it's last name is m i t and then Ford like the car, so Mitford. So you can look for me there and I'd look forward to having further conversations if anybody wanted to get in touch with me prior to the, prior to the summit in May.

Tom Bronson (21m 50s):

And I would encourage our listeners to check out your podcast because I can tell you, you know, I know that you've had some really great guests on your podcast as well.

Mark Mitford (22m 4s):

Oh, thanks. Yeah, no, I've, yeah, I, I know one of them quite well actually. Yeah, so that would be you. That's right. And I did a, i I did a really good one, yeah, just a couple of days ago with an expert in leadership development and coaching, so I was really excited about that. And so, yeah, so please, you did lot, lots of ways to find out resources and lots of tools and techniques so we can share with you and love to have a conversation if you wanted to talk with me personally in a little more depth.

Tom Bronson (22m 31s):

Awesome. Well Mark, thank you for being our guest today and we look forward to your talk at the Business Transition Summit.

Mark Mitford (22m 38s):

Great, thanks Tom.

Tom Bronson (22m 40s):

You can find Mark mitford@hrcatalystconsulting.com or on LinkedIn and of course you can always reach out to me because, you know, Mark's been on my speed dial for 20 years and so, so I'd be happy to make a

warm introduction. This is the Maximized Business Value podcast where we give practical advice to business owners who are passionate about building long-term sustainable value in your business. Be sure to tune in each week and subscribe to us wherever you found this channel, wherever you found this podcast. If, if you subscribe, you'll never miss another episode.

Tom Bronson (23m 19s):

And a little hint, we drop the episode to our subscribers first so you'll find out before anybody else does. Until next time, I'm Tom Bronson reminding you to register for the Business Transition Summit today@businesstransitionsummit.com so you can learn how to maximize business value.

Announcer (23m 46s):

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. That

4 (24m 21s):

Was perfect. I wouldn't make any changes on that.