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 times. 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, the CEO of mastery partners, Tom Bronson!

Tom Bronson (35s):

Hi. This is Tom Bronson and welcome to maximize business value podcast for business owners who are passionate about building long-term sustainable value in their businesses. This episode is part of our series called tales from the 17% club. This is the second round series a for tales from the 17% club, as we've said over and over again, a full 83% of attempted business transactions fail to reach the finish line. Meaning only 17% are successful. In this series. We interview people who have successfully transitioned to their business. We call them the 17% club to learn more about the process and to hear some interesting stories.

Tom Bronson (1m 21s):

And we won't disappoint you today. In this episode, our guest is mark Olander. He is the former president and CEO of tri HoldCo, Inc. A business he exited in 2020 through an Aesop. Now an Aesop is an employee stock ownership plan, which basically means he sold the company to his employees today. Mark is a Vistage chair, and we'll get into that more later in this episode. So welcome to maximize business value. Mark,

Mark Olander (1m 54s):

Thank you for having me.

Tom Bronson (1m 56s):

I'm very excited to have this conversation. So tell us a little bit about tri HoldCo the business you sold in 2020,

Mark Olander (2m 4s):

But Tiara coat was the parent company for two large operating enterprises. One was a tax audit and tax audit provided audit defense services mainly to users of TurboTax and some other organizations Sentinel tax group actually prepares tax returns. Tri HoldCo also had some various passive investments in numerous other companies as well.

Tom Bronson (2m 35s):

So Tara had HoldCo was the parent company and you had these two operating units, the tax audit that one's a little bit fascinating to me that's so if you use turbo tax, which many business owners do, or, or, you know, folks who are filing their personal taxes at the end, you have the option for audit tax or tax audit protection. And that's where you guys came in, right?

Mark Olander (2m 58s):
That's correct. What was really a wonderful thing about this particular program is it gave an opportunity to people who normally could never afford to get good audit representation. You know, that facility the same value that you might see from paying five or $6,000 to have someone represent you. So for under 50 bucks, they got audit representation from start to finish. And it was, it's a real value. When I left, we were doing about 35,000 audit representation cases a year.

Tom Bronson (3m 35s):
Oh my goodness. 35,000 representation cases a year.

Mark Olander (3m 39s):
Yes.

Tom Bronson (3m 40s):
Wow. Well, so, so based on your expert opinion here, you've seen kind of audits through the years. They sort of ebb and flow is what I hear from other tax professionals. Are they on the rise and should people see, give this serious consideration?

Mark Olander (3m 60s):
That's the problem with statistics is that statistics do not tell the story. What IRS has finally been good at is focusing in on, on people who really should be audited. So the quantity has gone down, but the quality of the ones that they're actually executing on has increased dramatically. There was a lot of conversations over the years about how you shouldn't look at how many dollars per audit our IRS is assessing. But the reality is you have to, if you're going to be doing any kind of project, it doesn't matter whether it's IRS or your own individual business, you have to measure what you're doing.

Mark Olander (4m 45s):
And in all cases, IRS has substantially increased their value by performing this audit function used to be the cost per audit was passed canonical. They actually got it down into the range of a merchant discount fee for American express card.

Tom Bronson (5m 6s):
Wow.

Mark Olander (5m 7s):
So they've increased. There's a lot of things IRS does not do well. We can all agree on that. But one thing we can do is say is that's the only making enterprise in the United States government. If you put in a dollar, you will get four to $5 back to get an ROI on government spending is really hard to see, and it doesn't happen very often. IRS does do that.

Tom Bronson (5m 33s):
Interesting. That's that's interesting. So, and you're absolutely right. The cost of, of getting representation on the chance that you are audited is, can be astronomical. So,

Mark Olander (5m 46s):
And it certainly can. And the bottom line is if you pay 50 bucks a year, your whole life, and you've got an of once you have made money on the deal.

Tom Bronson (5m 54s):
Yup. Yup. There you go. Exactly. Yeah. We made a lot of on the deal probably. So that's awesome. Well, let's go back and let's talk about your exit strategy. So you're in the 17% club because you exited through an Aesop and Aesop's typically takes some time to prepare. Did you always know that you wanted to sell the business to your employees?

Mark Olander (6m 17s):
No, really didn't that sort of occurred back in 2011 as an option. And one of the, it was one of the nice options to get, to get out of the business. One of the founding members of the company in order so that we could actually grow and succeed in the future. And so we use that as a method to do this because it offers such tacky and great tax-free benefits to the right people and things along that line. So it works exceptionally well to achieve that purpose. And then as we got into it more and more, we realized that this is just a wonderful way to get every employee to feel as if they have that ownership experience.

Mark Olander (7m 7s):
And it was incredible how the value that each employee can then bring to that business because they feel like they are to an owner and their attitude changes

Tom Bronson (7m 21s):
Well on a very real sense they do, but coming owner, right? Because they only,

Mark Olander (7m 25s):
I became an owner, a beneficial owner, but you know, they, that can't run into look at financial statements and they're going that line. But you know, they certainly feel as though they're saving money. Part of that savings ends up in their back pocket.

Tom Bronson (7m 41s):
So you said it showed up as an option and 2011. So were you thinking about how to exit the, the one founding member and this presented as an option? Or how did it come up as an option?

Mark Olander (7m 58s):

That's what you just said is absolutely correct. It became one of the options to actually get rid of this founding member and I was able to sell it and formulate it. And the founding member really bought into it and it made it a very successful way to get him out. And it benefited me later because, you know, nine years later I was able to exit as well.

Tom Bronson (8m 31s):

So, so you actually had sort of two kinds of transactions happen. You formed the ESOP in 2011 and then nine years later, you sold the balance of the company to the ESOP. If I got that correct,

Mark Olander (8m 44s):

There were actually five sales that occurred during that period of time. And so, which was wonderful because that allowed the company to have sufficient cash flow to actually fund these through an internal leverage of the Aesop, which made sense, because we didn't want to have to go to a bank for external financing. So we were able to fund the whole thing very easily without affecting operations. And the company continued to grow in value as we moved toward the company, partially due to the fact that we had such huge regulations involved with the Aesop, because it really forces you to optimize that value and mature the company to the point where it increases value.

Mark Olander (9m 28s):

Even if your revenue doesn't increase.

Tom Bronson (9m 31s):

Wow. So a wow that's even more complex than I realized the, so when you formed the sob that in 2011, did you already have an eye toward nine years later when you, when you ultimately sold the company to the ESOP?

Mark Olander (9m 49s):

I had a, I knew that I was not getting any younger. I ended up spending 32 years with this company, which is a long time. And, you know, I knew that I had to transition out. I had a great management team, core management team, but the senior leadership team would all be leaving at the same time. Well, in order to make sure that you maintain that value, we had to make sure that the next generation of management was in place fully trained and able to execute on what they needed to do so that we didn't have a value shift. The other thing is we obviously have a very high concentration on one customer.

Mark Olander (10m 31s):

When you have a high, high concentration on one customer, you have to make sure you don't make that customer feel uncomfortable because of any management changes that you've incurred. So over this period of time, I almost became irrelevant to that customer. And so it made it possible to transition very successfully, even with a high customer concentration and on the valuation, we really did not get that large of a discount because of the high customer concentration.

Tom Bronson (11m 6s):
Yeah. Customer concentration is one of the biggies for business owners who are attempting to transition when you have high customer concentration. Typically it has a detrimental effect to the value of the business here. It sounds like it was some effect, but not detrimental the way you might have. If you're trying to sell the business to a third party,

Mark Olander (11m 28s):
We've also been doing business with that customer since 1998. So when you have a very, very long-term relationship and both parties are benefiting greatly from it, you know, that that helps them ameliorate a lot of the impact.

Tom Bronson (11m 47s):
Okay, awesome. Now, so let's fast forward to the 2020 transaction. When did you start planning for that 2020 transaction, which is when you exited the business?

Mark Olander (11m 60s):
I started planning for the eventuality back in 2011. So I knew it was going to happen. I honestly, I thought that that transaction would occur. The final transaction would occur in may of 22, But I had a situation where I had done real well with a succession planning. I had the management team in place and it became obvious in may or June of 20, that it was time for me to get out of the way. Wait, when you are sitting there, you developed a really, really good management team and they're ready to take over. Sometimes you just need to get out of the way and let them do their stuff. And so at that point, the decision was made that the three senior people would retire at the end of 2020.

Mark Olander (12m 49s):
And so we had actually sold our shares two years prior the remaining balance of our shares. So then it was just a matter of getting, you know, our last Aesop contribution is rolled out to us and all that sort of thing. So we'd actually February 1st, 2017, we were a hundred percent employee owned as of the date. So I had taken my money off the table for purposes of that, you know, almost three years prior.

Tom Bronson (13m 23s):
Okay. Now, is that normal in an Aesop? You, you actually sell, sell a hundred percent of the founders shares to these up, but then you stay on for a number of years. Cause it sounds like you stayed on for basically another four years. So 17, 18. Yeah. And until the end of 20, right.

Mark Olander (13m 43s):

It's a really good way to do things because of the fact that at that point you could convert to an S corporation and as the sole shareholder being a tax exempt entity, you are no longer have tax that you're having to pay. So it's a, one of those really great benefits of it. Aesop is, was a hundred percent. Employee owned, goes to tax exempt, trust all the, all the earnings due. So there's no taxes paid and you end up accumulating a lot of excess cash. We probably saved somewhere in the neighborhood of 10, 12 million In, in taxes. That's a conservative number, you know, over the years by being an escort.

Mark Olander (14m 27s):
Now granted all the shareholders when they get their distributions and take them out when it rolls into an IRA or whatever the case may be, they have to pay ordinary income tax on that. But that's then not now. And there's nothing to beats dollars now.

Tom Bronson (14m 44s):
Oh yeah, absolutely. So, so an Aesop can be an escort, but that can be their, their corporate structure tax election.

Mark Olander (14m 53s):
Yes. And it's, excuse me, normally it's better later after it is, it has become a fully employee owned company. That's the best way to handle it as corpse when you're actually forming an ESOP, there's some real downsides to it as you don't get many employee benefits out of an Corp anyway, without paying tax on them.

Tom Bronson (15m 21s):
Right, right. Right. Interests. Well, well, we, we won't get into many more of the mechanics of, of Aesop's. We do have another podcast about that. So, which we'll refer to on our website, we've had one in the past and one more before this one. So, so we'll get into some of those mechanics there. So that's interesting that you, you put things in place then in 2017 with an eye toward 2022, but you compressed the timeline because the team was ready. That's a, that is a real interesting outcome. Right? You, you had a plan in place, you know, I was going to ask you if you had that clear timeline, but it sounds like you did, but you executed early now, but let's talk about something that business owners that not only are doing ESOP's, but also all business owners should think about.

Tom Bronson (16m 18s):
And that is kind of having that management team in place. You know, tell me, tell me a little bit about how you prepared the next generation to take over the business

Mark Olander (16m 28s):
Back in 2010 and 11, I became aware of this problem. So I very intentionally started putting together people that I thought would be a culture fit that were the right seats, the right butts in the right seats, to make sure that we had a well-rounded management team that could take over. Now, granted during this succession

planning time, I was paying more and management salaries that you normally would, but you have to, if you're going to invest for the future, one of the things that I learned, not only through this experience, but also through my involvement as vestige is when you are an entrepreneur, it's really important that you are not only looking out for yourself, which if you don't worry about yourself and you worry about the company, it'll, your self will get taken care of, but you also have to make sure that you are increasing the value in all ways possible for that particular business.

Mark Olander (17m 28s):
So you have a well-rounded management team that if you get hit by a bus, the company is not going to have, it'll have a Memorial service for you, maybe, but short of that, the company will not have a hiccup. It will keep on going. And so you need to pay attention to those things that are really important for the organization need to focus on those things, not worry so much about yourself. And every entrepreneur wants to sit there and control everything. Absolute, complete control. The problem is that concentration of control is not a good thing for your organization because that decreases the value.

Mark Olander (18m 11s):
Every buyer, whether it's an ESOP or any other transaction has to know that if you step aside as the seller, the company will continue to flourish without you. And that takes a certain organizational maturity that you need to plan for and work on. Now, you can't do that early years where you're sitting there, you're lucky to be able to pay the, you know, the electric bill on time, but in the later years where you have excess cash and you're looking at how do I go to the next step? Those are the things you really need to pay attention to. Plus you'll also find as an owner that you'll have a much better lifestyle because you can take a three-week vacation and not worry at all about the company you've been unplugged, be gone.

Mark Olander (18m 55s):
And that's how I've always used. That's even for my department managers, if they go on vacation and there's problems in the department, I know I have a manager who is not planned well. And the same thing goes for you as an owner, you should not be indispensable.

Tom Bronson (19m 11s):
It's the number one. Well, one of the, one of the highest, one of the top five reasons why businesses that actually do transact transactional lower value because of the owner dependency and you're right business owners like to control everything, but they, but they need to step back and realize that they will dramatically improve the value of their business. If they can step out of the way.

Mark Olander (19m 37s):
And as a value add, you also improve the quality of your own life and look at something else to do, rather than running just this one,

Tom Bronson (19m 46s):

That's it, that's it. And so many business owners don't know what they're going to do next after they sell their business, which is one of the big preventers of doing a transaction. And so, so being able to have a team in place, you know, cultivating that team and being able to step back gives you that opportunity to think about what am I going to do next? Right. We call that act free. What are we going to do in act three? So you mentioned that, that you sought out people who were a good culture fit for your organization. Did or did you use any testing tools? I know we were actually introduced by a great friend, Melanie Schafer who uses predictive index.

Tom Bronson (20m 26s):

She's actually a works with predictive index for this. Were you using any tools like that in order to make sure that you were finding the right people to put in place?

Mark Olander (20m 38s):

Unfortunately, I was, until my involvement with vintage, I did not have access to a lot of the tools that I now know exists. So it was going by my gut. I knew that I needed to have people of different personas on the management team. I needed to have a lot of diversity. They need to make sure that we had, you know, well, everybody was well-represented. I mean, I'm always going to be a white male walking into any room. The problem is my perception is not what everybody else's perception is. So I knew early on, you need to have that diversity and you need to get input from other people that are not like you.

Mark Olander (21m 19s):

And so I was able to put together a management team that they don't have all the components that I had on my senior management team. But you know what, they're doing a great job running the company. It's not the same company as it was a year ago when I left. But you have to get over that once. You're no longer control. Go on to the next thing.

Tom Bronson (21m 40s):

Yeah. Yeah. Move on, move on to something, to something else. It's so important to have a good cross section of diversity as well. I'm in my last business. Diversity is not something that was top of mind consciousness for me. I was always focused on getting the right person in the job and finding the right culture fit. But in reflecting back, because it came up as a question to me, at some point after I sold the business or actually during the time that we were selling the business was the diversity of our team. You know, our, our team was widely diverse. Our executive management team was 50% female, 50% male.

Tom Bronson (22m 20s):

We had several other minorities are represented and it wasn't by design. So I, I guess I was just fortunate. I found all the right people and, and check on the right boxes.

Mark Olander (22m 31s):
It doesn't get better than that. But one of the things I always look okay, you mentioned Melanie Shaffer and her, her predictive index was off hers, but she uses the tool. Right? But in any case, if you took the take the predictive index, which I have done several times, you realize that you are not somebody that is warm and fuzzy and people are going to be difficult to be around you. Welcome to being an entrepreneur. I mean, there's a certain, certain personality that is never going to be readily accessible by others. So I made sure that on my senior management team, I had somebody that would call me on my stuff. So if I was doing something that was inappropriate, it wasn't good for the business.

Mark Olander (23m 14s):
She would say, mark, you're, you're doing it again. And so, you know, that diversity and that ability to call me on my stuff and you know, and me not being defensive about it and just realizing, yeah, I have these drawbacks part of the reason why I've been successful, but you know, you have to be careful what has made you successful are not necessarily things that are going to make a good valuation for your business, unless you tailor those back and you are looking at what's good for the organization and realize that you can be one of the greatest hindrances to a sale valuation in your business.

Tom Bronson (23m 55s):
Yes, absolutely. I'm a big fan of predictive index culture index, you know, any one of these standardized testing tools because of the same reason that you mentioned here, you know, if you're not aware of your own shortcomings, right. And it's hard to deal with those

Mark Olander (24m 13s):
Long lists.

Tom Bronson (24m 15s):
We're not asking my wife, my shortcomings are because we don't have enough. This isn't only an hour long podcast. So, all right. So in an Aesop you had to have sort of a specialized transition team. So tell me about your, the folks that helped you with this transition and what role did they help or what role did they play in helping you through the process?

Mark Olander (24m 38s):
Well, what you need several consultants, I guess, and you need to have a couple of departments within the company that function real well. One is the best practice is to have an independent trustee for the ESOP. Somebody who is you, granted, the corporation pays for it, but his, his or her job is to make sure that all of the interests of the employees are being protected. A CEO or a board doesn't want to operate those things themselves because that doesn't allow a third party looking in from the outside, keep in mind, there's regulatory control by department of labor and IRS on ESOP's.

Mark Olander (25m 23s):

And realistically you want to be able to point to this independent trustee and say, employees, owners of this company, here's somebody who is stepping in and working for you to make sure your interests are accounted for. So that's one part you need to have. The second is a valuation company and the valuation company is hired by the independent trustee and actually reports to the independent trustee. That once again, removes you from the person whose responsibility ultimately for that valuation, this is a good thing. As a board, you don't want that fiduciary liability.

Mark Olander (26m 7s):

Then you need to have a third-party administrator. Who's going to deal with, you know, all the reporting and all the calculations and everything else having to do with the ESOP and the more employees you have and the more levels or tiers within your organization, the more difficult it's going to be. So you need to have the third party administrator. Then on top of that, you'd have a really well founded accounting department in your organization. I, a lot of people are scared to death of audit the cost of audited financial statements. But that once again is one of those things that adds value to the business and gives you a lot more information that a manager needs to have in order to figure out how do I look to the outside world?

Mark Olander (26m 55s):

How do I look to my bank? You know, how do I compare it to public companies? And that's where you're sitting there looking at organizational maturity, from a standpoint of how do I best increase the value of the company, knowing that I can only do so much with revenue. I can certainly cut costs. You can maximize the, you know, your return on investment dollar that's for sure. But having all of these things that make you look like a really well-run well-oiled machine gives you a premium valuation. So those are the basic components flush it. You've got to have a good board of directors who is looking at things and is going to give you the feedback that you need.

Mark Olander (27m 39s):

Even a smaller company, they'll call it a board of directors, call a board of advisors, but have people who are going to give you individualized impact as to what you're doing, where you're going and call you on your strategic initiatives.

Tom Bronson (27m 58s):

Yeah. And that's an important distinction. You said a board of advisors versus a board of directors. Of course, you know, many well-established corporations have board of directors, but that opens up if someone agrees to serve that, opens them up to potential liability. And so I typically only serve, I do serve on the board of directors of a number of nonprofits, but I typically only serve on boards of advisors because that removes at least some of that liability. And you want to make sure that you have proper DNO coverage. You know,

Mark Olander (28m 30s):
I have good, you got to have good DNO coverage. And DNO coverage is really expensive today, but you know, you, you've got to get it in the more feedback as, as an owner, president, CEO, whatever you want to call yourself, the more feedback you get from different points of view, the better you're going to be as a CEO and the better results you're going to get us. The company. The last thing you want to do is get defensive about getting feedback. Welcome it, own it. Ask for it, get as much feedback as you possibly can, especially from people who don't agree with you. If everybody agrees with you, that works for you. One of somebody is irrelevant people in there that are really going to provide that feedback so that you can drive organizational value.

Tom Bronson (29m 18s):
Yeah, yeah, no, yes, men. That's what I always say. No yesterday, you don't want it. Yes, man. On your management team, you don't want them on your board of directors. You know, my many of my management meetings through the years have been very contemptuous and it's because you bring that diversity of thought. And if you, if you approach those things with an open mind, it does make your business better. One question before we kind of leave this team that helped you out, how did you go about finding the independent trustee? Are there people that just do that for a living?

Mark Olander (29m 52s):
Yes. There are people that just do it for a living. They've got very, very good results. Many of them used to work for the department of labor overseen Aesop transactions. So they, they know what best practices are. They have a really good idea on what the department of labor is going to look at next for some of their things. So you'd get a lot more value out of that than somebody just looking at the books you go, man, I don't know if I liked this or not, or yeah, you're doing just great. Keep doing the same thing. You're looking for people that can always add value. You know, it doesn't matter what consultant or if they're not adding value, why are you paying them money?

Tom Bronson (30m 35s):
Right, right. Yeah, absolutely. Absolutely. All right. So, and Aesop transaction is, is what we classify as an insider transactions and you've got external and internal trend transactions. You're basically selling internally to your employees or to the, through the mechanism of an Aesop. So do you have to go through due diligence when you're doing an Aesop,

Mark Olander (31m 1s):
The independent appraiser does that due diligence? It is. I I've done a lot of M and a in my time and I gotta tell ya I get more. I, well, maybe not more, but at least as equal to due diligence done by the independent appraiser as I do, when you're sitting there doing due diligence to M and a transaction. So you don't lose that, but it does happen, but it's, you know, you're not sitting there going, gee, am I really going to survive the due diligence? You know, you're going to get paid something. You just don't know what it is until the

appraisal's done. The trustee is accepted and the corporation has had their input on it as well.

Tom Bronson (31m 46s):
And those happen like at the last minute in a transaction like this, right?

Mark Olander (31m 51s):
Yes, it's done at the end of every year, whatever your planning areas and the date of any transaction that you have.

Tom Bronson (31m 58s):
Okay. So you may not know the value of this transaction until literally you're sitting at the closing table.

Mark Olander (32m 4s):
That's exactly correct. I you'll know, within, you know, 30, 40 cents a share or whatever, but you don't know. In fact, one of the final sales getting, getting the original founder out, I didn't think it was been closed with the valuation came back less than he was looking for. And I wasn't comfortable with even the valuation that trustee had agreed on. And we ended up going with my number, which was less. But, you know, as you have to be careful of what hat you're wearing, because ultimately if you pay attention to your organization and how that organization is going to function, and what's fair for the organization, the terminal value is going to be higher.

Mark Olander (32m 53s):
So you don't worry about today's dollars. You're always worried about the future. What are my future dollars going to be? Because ultimately that will be best for you.

Tom Bronson (33m 1s):
Right? Right. So when you close a, an ESOP transaction, there are payments that trailing payments that will be made ultimately until, until you're fully paid out or do you get all your money up front?

Mark Olander (33m 18s):
It could go either way, depends on how you're going to structure the transaction. Most, most good candidates for an Aesop, have a disposable cash so that, you know, they're not sitting there worried about how they're going to pay their bills. You know, they have disposable cash, they can fund it over time, but most of the loans are set up in 10, 20, 30 year payouts. So the company can advance pay that, you know, your minimum contribution every year is the minimum depth service that you have to make based on those notes. But you can pay it out sooner. There's nothing to say. You can't pay it out sooner. As I said, you know, I I've been fully paid out for everything, so,

Tom Bronson (33m 57s):

Wow. So you're not still getting a check every year.

Mark Olander (34m 2s):
I got the last one, the first part of August I'm done.

Tom Bronson (34m 6s):
Yeah. I'm like you on my last transaction, which was coming up on four years ago, I got the last payment. Darn it don't get any more payments come in.

Mark Olander (34m 15s):
Yeah, it's real. It's really not nice. You know, you sit, you sit there and you see your brokerage account and increase in size. You know, when it sits there and starts to plateau and you're going, oh my God,

Tom Bronson (34m 26s):
Our new company, so I can have another transaction. So a lot of times the due diligence process, when it's, when it's an outside buyer is designed to find reasons to lower the value of the business in this type of a transaction, an Aesop, it's a little bit different because you're, you are dealing with an insider transaction. Did ultimately did the due diligence process in, did it improve the value of the business or did it take away from the value of the business?

Mark Olander (34m 59s):
I'd say it fairly valued. It, you know, it's really difficult, especially when you have a high cost or a concentration, you know, that because of high customer concentration outside buyer is not, is going to want to heavily discount it with the inside sale. You can limit that valuation because you're not really changing people who are managing that customer. You know, you're not really changing anything and change is everybody hates change. And so in Aesop helps you with that change management from the transaction. And so, you know, there's a discount for that habit concentration, but it's not as bad as it would be going to an outside buyer.

Mark Olander (35m 42s):
So short answer is yeah, probably increased the value.

Tom Bronson (35m 46s):
Awesome. Awesome. Now, so enterprise value for an Aesop is determined a little differently than other transactions and other transactions where you've got a third party. You know, it's a matter of negotiation between the parties to determine what the enterprise value is in an Aesop. How is the value of the business finally determined?

Mark Olander (36m 8s):

And it's determined based. They look at three different methods, cashflow, public company, valuation. I don't know, off the top of my head, I'm missing the third one, but what you miss with an Aesop is periodically you get that you're, you're looked at as a unicorn where you've got some strategic buyer that comes in and pays more than it's ever worth. You're not going to get that in Aesop. You're going to get a fair evaluation, but you're not going to get that sometimes substantial bump because it really fits into someone else's strategic plan. So that you'll certainly give up on it. But then again too, you don't necessarily have to pay tax on it.

Mark Olander (36m 48s):
So that helps. It's not, it's not how much money you get. It's how much money you get to keep.

Tom Bronson (36m 56s):
Right. So that's it, that's it that's totally right. You know, I, I do ask business owners frequently when they tell me what the, what the exit value needs to be. I ask them is that pre-tax or post-tax. And then I typically get kind of, you know, the stars in the eyes and not understanding what I'm talking about. And that's why it's important to surround yourself with good tax advisors, you know, CPAs, wealth managers, those kinds of folks to help you understand that. And that's a real benefit of an ESOP. It is typically, at least initially tax-free

Mark Olander (37m 30s):
Is probably the best term

Tom Bronson (37m 32s):
Tax deferred. Ultimately it is tax deferred when the treasury,

Mark Olander (37m 35s):
It could be tax-deferred journey, your whole lifetime, and quite honestly, what do you care after your debts?

Tom Bronson (37m 43s):
You're right. What do you care after you're dead? How many, how many employees did you have in these bins in this business?

Mark Olander (37m 49s):
Two hundred fifty, two hundred and fifty.

Tom Bronson (37m 51s):
And how much were the employees involved in the whole process?

Mark Olander (37m 57s):
Initial setup? We couldn't even tell them because it's like every other stock transaction or, or things going to happen. You can't divulge the possibility until it actually occurs. You're looking at it almost like a public sale.

So there they were not involved at all. Now the challenge is once it occurs, how do you, the CEO otherwise known as you know, the chief communicator, How are you going to get your employees to not only buy into this transaction, but realize the future value and how their input into the organization will increase the valuation to them because you need to get them to have that ownership feeling so that you don't have pens walking out every day and all this other sort of thing that happens.

Mark Olander (38m 48s):
They need to realize that if they're saving money and they're actually optimizing how efficiently the business operates, it has a meaningful impact to their retirement.

Tom Bronson (38m 59s):
Yes, yes. That's a huge benefit of course, to running an ESOP and having them involved. So post-transaction, how did it affect them? I mean, because you started as an Esau back in 2011, so you stayed on with the company for, for nine more years before you ultimately exited. Did you get those benefits that you were talking about with your employees?

Mark Olander (39m 23s):
Absolutely. It took a couple of years to start seeing it because you know, most employees, they sit there and look at their bosses and go, why are they really doing this? There's gotta be something there's, what's the other shoe that's gonna drop. And it takes a while for them to realize that this really is for real, because it's too good to be true to them. That all of a sudden, traditionally, all they have is a 401k that they've set aside and maybe a little bit of match here for a number of years, people were getting 50% of contract compensation, contributions, their Aesop. They, we turned people who couldn't retire well at all to retiring very well through this Aesop.

Mark Olander (40m 7s):
And we were able to continue to accumulate cash at a faster rate than we would have without it.

Tom Bronson (40m 15s):
Awesome. Awesome. There are lots and lots of benefits. We just can't even touch on all of them, but it's time. We need to take a quick break. We're talking with mark. Olender a member of the 17% club. Let's

5 (40m 27s):
Take a quick break. We'll be back 30 seconds.

Announcer (40m 30s):
Every business will eventually transition some internet employees and managers, and some externally to third party buyers, mastery partners, equips business owners to maximize business value so they can transition their businesses on their terms. Using our four step process. We start with a snapshot of where

your business is today. Then we help you understand the way you want to be and design a custom strategy to get you there. Next, we help you execute that strategy with the assistance of our amazing resource network. And ultimately there'll be able to transition your business on your terms. What are you waiting for more time, more revenue, if you want to maximize your business value, it takes time.

Announcer (41m 11s):
Now is that time get started today by checking us out at www.masterypartners.comoremailusatinfoatmasterypartners.com.

5 (41m 23s):
We're back with mark oleander,

Tom Bronson (41m 25s):
The owner who successfully sold his business to his employees in 2020. So mark, what did you learn going through this process?

Mark Olander (41m 35s):
An awful lot? You know, whenever, whenever you're doing anything that is complex by its very nature, you learn all kinds of things that would, I have done things after I learned all this stuff the same way I did. Yeah, I would have. But what I learned was substantial. One is exactly the degree of regulatory control that you have to deal with. So once again, especially in our situation where we were actually making large contributions to the ESOP plan, nobody does that anymore. So the IRS and the department of labor thinks that's weird. So they want to know why valuations are always well.

Mark Olander (42m 18s):
Yeah, I mean, you know, realistically, you know, we were, we were trying to really get, get value out of it and also pay off some of the shareholders early. Well, the only way to pay them off is to pay off the debt, release the shares, and then you can pay off the people you're trying to retire. But besides that, we, we went through all of this regulatory control, been audited by everybody. And you know, that's just part of the game, I guess. But one of the things I really learned is it gave me a lot of perspective on the difference between well-run private companies and public companies.

Mark Olander (43m 1s):
Well-run private companies. We sit there as part of the valuation and every year it's come up with five-year forward-looking projections. What is the plan? So we spend the whole year coming up with what our strategic initiatives going to be, how are we going to increase the value? Because in order for anything to be exciting to the employees, the share price has to increase every year. Well obviously when you do a transaction and you take on debt because you are because, you know, you're, you're paying out the founders, your evaluation drops the day after the transaction. Sometimes substantially because you've taken

on this additional debt.

Mark Olander (43m 42s):
So going forward a year, what are you going to do to the organization to make sure that you have an increase in the valuation, even though you have taken on this additional debt. And so you've become really focused on operational assaults, but unlike a public company is worried about quarterly returns. I've always thought that you need to look at long-term increases in value. So you have to balance how you're going to pull off those strategic initiatives in order to drive corporate value, but also figure out how to increase that annual share valuation to keep your employees excited. I mean, if you ever take a hit to share price, all those things that you thought you were getting from an Aesop, all of a sudden the place, oh my God, the world's coming to an end and you know, it, they get it.

Mark Olander (44m 32s):
Their employees are not entrepreneurs. We can't look at an employee and say, why don't you think like I do well, we're the weird ones. Not to them. They're normal. We're weird. And we're, you know, we don't worry about risks. We gamble everything every day, which is usually why Vegas is not very attractive to us, but we're gambling. Everything we have every single day of existence. They couldn't do that in a heartbeat. So you need to not, you need to make sure that they, you, you appreciate how they think and what's important to them. And don't try to say, well, it's not important to me. Well, it's important to them and really what it's all about your employees. Anyway, I'm very much into the servant leadership concept.

Mark Olander (45m 17s):
You know, basically I may have 250 employees, which basically means I got 250 people that are evaluating me every single day. And that drives my participation and desire to have impact. And so, you know, unlike public companies just pay attention to what am I going to do strategically to increase that share price. And it's really, it forces good planning where you might not have done it otherwise.

Tom Bronson (45m 48s):
And it also forces kind of great cashflow management, right? Because the business has to cashflow the ability to, to do the debt service. Right?

Mark Olander (45m 60s):
Yeah. And I, I was very proud. The fact that we always exceeded our five-year plans, which is a great way to solve any particular visibility that DOL or IRS will have on your plans because they can't come in and say, well, your share price was too high. You screwed your employees. When in fact you've outperformed the projections that were used to derive the share prices in the first place,

Tom Bronson (46m 27s):
Which is always a good thing. Always,

Mark Olander (46m 29s):
Always a good thing.

Tom Bronson (46m 31s):
Yes. For sure. Now you said you wouldn't, but was there, is there anything in this whole process that you maybe would've done a little differently?

Mark Olander (46m 41s):
I would've liked to know what I knew later when I did it, But you know, the problem is you never know what you don't know and it's a real problem.

Tom Bronson (46m 55s):
The only way to get experiences to get experience. Right.

Mark Olander (46m 59s):
Well, you know what a lot of employees don't get is that for every success you've had, you've probably had 10 failures. So, you know, when you sit there you're oh, well that didn't work. Let's try something else. And that's, you have to have that continual reality check that. Yeah. I'll try it. You know, that not every decision you're going to make is right. You just have to minimize the impact of bad decisions because you're going to make them

Tom Bronson (47m 25s):
Yeah. I'm going to write that down, minimize the impact, bad decisions. That's true. That's a great story to tell here and something we'll probably use to promote this. Yeah. That's, that's been my story. You know, I try to minimize the impact of bad decisions because you're going to make them somewhere along the line. In my career, when I sold a company to a publicly traded company, the, the CEO came and sat in my office and he said, he said, wow, Bronson, you know, I've been looking over some of the things you're doing and you make really good decisions. I said, I said, well, gee, thanks, pat.

Tom Bronson (48m 5s):
I really appreciate that. He goes, he says, in fact, I don't see anything that you've done. That you've really failed at these decisions that you're making. Am I right? And I said, no, we're there. They're all well thought out. And he said, well, that's great. Except that tells me that you're not making decisions fast enough. Right? His, his mantra was, if you're not, if a leader is not making at least three bad decisions out of every 10, then he's not making enough decisions.

Mark Olander (48m 32s):
I've always told my employees, you're coming in with their tail between their legs. And they said, you know, I

really screwed this up. And I keep telling them, if you don't make mistakes, you're not working hard enough. So keep going. Yeah, you made a mistake. How are you going to fix it? I never allow an employee to bring their monkey and give it to me. They had to come into my office with a possible solution to the problem they were bringing to me. And that helped with the succession planning because all of a sudden, I never got the problems I got. Here's the solution to this problem, which is a much better way to run an organization. And it decreases firefighting and everything else that you have.

Tom Bronson (49m 12s):
Absolutely. Yeah, look, yeah. People should have the ability to make some, as long as they're not putting the company at risk, right. Make you make decisions and move within reason. There's an old story and I'll have to look it up just to make sure I have the names. Right. But there was an engineer early in the days that IBM, you know, Tom Watson was involved there and one of the engineers made a mistake that costs the company like $10 million. I mean, it was an outrageous sum of money back in those days, it's a $10 million is still an outrageous sum of money for sure. But, but back then it was even more. And he went into Tom Watson's office with his resignation in his hand for causing this mistake.

Tom Bronson (49m 53s):
And the response was, what are you kidding? You're you're the most valuable employee I have. It costs me $10 million to get you trained. How are we going to earn that back?

Mark Olander (50m 4s):
That's a great story.

Tom Bronson (50m 8s):
You can't leave now. You can't leave now. So, so is there any advice that you would give to business owners who are, who are thinking about transitioning their business as an Aesop?

Mark Olander (50m 20s):
What I would do is look at what is my future vision of my company, where do I think it can go? Is this something that I can actually train other people? Do I have to replace my management team? What do I have to do in order to get there? What do you know, do I have the right butts in the right seats? Or do I need to completely replace my management team or do I have to fill in just holes? So you gotta look at the, and make sure you have a well-rounded management team look at the future. But first you've got to figure out what is it that you want and what is it you're trying to accomplish?

Mark Olander (51m 2s):
And, you know, unless the owner can visualize their future, anything they do is going to be wrong. I need to figure out what they want and go after what they want. And at the same time taking into account, whatever I do has to improve the value of my company. So how do I make both of these things work? And if you can

really come up with a really good strategy and be intentional about what you're trying to achieve, then you can go and hire the consultants and see if the Aesop is something that will fit. A lot of times, it won't fit.

Mark Olander (51m 43s):
And it's, you know, it's not, there's no magic pill that takes care of how you transition a business, but it's one of those things that you can put in a toolkit and sometimes it'll work. Sometimes it won't, but if you're not, if you're one of those people that don't want to deal with regulations, don't want to deal with the complexities and Aesop is not your baby Run somewhere else. But you know, you, you have to, you have to be willing to be very, very intentional and committed to resolving those regulatory things. And the tax benefits you get from that can help pay for the aggravation.

Tom Bronson (52m 23s):
Oh, for sure. For sure. Yeah. Clarity of desired outcome, we call it, you know, a business owners many times don't really think about what is their ideal desired outcome? What, what let's blue sky, what does it look like when you, when this transaction happens? And if you don't have clarity on what the, what the end result is, it's like running a race without a finish line, right? Right. You just keep running and running and running and someday you drop and, and, and then the race is over, I suppose,

Mark Olander (52m 52s):
But that's the number one problem that most business owners have is they're so busy working in the business. They forget to work on the business and you should at least set aside two days a month to be very intentional about figuring out what you want to do and what your real problems are and start addressing those issues. If you don't do that, all you're going to do is the same thing over and over again, expecting a different result, which is the definition of insanity,

Tom Bronson (53m 18s):
Right? Exactly. You know, we work with our clients to go through a process to really define what this looks like. What does the end game look? Because once you understand and have clarity on the end game, then you can, you can start with where you are and build a strategy to get to where you want to be. And so we really kind of force them through that whole dreaming phase of, of thinking about what are the options. And for sure, I think you're, you're bang on if you're, if you're, if you're not willing to submit to some of the scrutiny that's required to do an ESOP, well, it may not be a great solution for you. And that's partly the reason why I think the status three and a half or 4% of businesses become an ESOP.

Tom Bronson (54m 2s):
It I've been a part of ESOP's. And I think it's a wonderful strategy. I don't know why more companies don't, but it does require a lot of scrutiny and some additional regulations that you've got.

Mark Olander (54m 15s):

You talked a lot about due diligence and running an Aesop is sort of like going under a constant set of due diligence the whole time that ESOP's in existence. So if, if the due diligence scares the crap out of you and you hate it, and you don't like somebody looking at you from inside out, that's, it's not for you, but maybe you should allow that maybe it's better for you and your organization. Even if you don't do the ESOP, be much more intentional about getting the, the analysis and the feedback 10 years, 10 years before you want to sell, hire a good broker to come in and value your business and tell you what you need to improve.

Mark Olander (54m 59s):
Do a pre due diligence review to see what are the things I need to work on to prep for the sale. And I guarantee you a lot less, stuff's going to come up and due diligence, everything that, you know, it'll come up and due diligence, and you can, you can not have that huge hit that somebody is using to grind you down on price, because you already know about it. You've already divulged it. What else is there to find? And well-run companies are not a dime. A dozen well-run companies are very far and few between. So when you have a well-run company where you really have figured out how the best way to do things, you have all your processes documented, all those things that you need to do in order to have a really successful company, your valuation will come run along.

Tom Bronson (55m 52s):
It sounds like you're, you're like writing a commercial for, for what we do. That's exactly what we do here at mastery. And that is we do an assessment which includes evaluation. And then we mail the specific things that you have to do to fix in your business, to improve that, to maximize the value of the business. Too many business owners get caught up in to that day to day, you know, the, the daily fire drill and, and don't take the time to step back. So, so that is a, that is great advice. Whether you're going to be an Aesop or, or sell to a third-party or even transitioned to your family, you know, eventually. So did you know what you were going to do when, when you did ultimately transition the business, what you are going to do next, we call that act three.

Mark Olander (56m 40s):
I bought an RV and I figured I'd just be on the road a lot. And then as it turned out, I realized very quickly that I was, I wasn't staying relevant. I don't know. It's just the drive that you have when you're an entrepreneur. You always want, you need to have your brain stimulated. And that's the reason why I ended up joining Vistage. I'd been involved with them for six and a half years as a member. And I got so much out of it. I mean, I got probably a 10 X on my do my monthly dues from increased valuation that I got to take home, forget the corporate value. I took it home and it was, it was so useful.

Mark Olander (57m 23s):
I figured that maybe I could do this because it's one of those things I don't have to work full time. I don't have to work at all, but I want to maintain the ability to have an impact. And I got so much out of it. I really wanted to have back. And I, my belief and my experience has shown me that most CEOs don't have mentors.

They've Mo many of them become accidental CEOs and they just don't have that kind of input to call them on their stuff. And in most organizations, if you questioned the CEO, you're out of the you're out of the company. And the reality is you should always accept every bit of feedback you can possibly get, you know, improve your emotional intelligence.

Mark Olander (58m 11s):
So you can accept that stuff graciously and use what's appropriate, keeping in mind that every single person's in your company has their interests at heart, not yours and not your companies. So if you can learn that and always look at what's good for the company, is that really what's good for me is that part of my vision, but always focus back on. What's good for the company. You'll do very well.

Tom Bronson (58m 41s):
So, so you're now a Vistage chair, right?

Mark Olander (58m 45s):
That's

Tom Bronson (58m 45s):
I think that's awesome. You know, folks who've listened to this regularly know that I'm a V I'm a member of Vistage. I'm a trusted advisor for Vistage. I actually speak at, at Vistage meetings. Give us a quick snapshot of what, what does being a member of Vistage? What does that look like on a monthly basis, or however that works?

Mark Olander (59m 6s):
Well, you set aside one day a month, where you go to a group meeting and there's a structure of the meeting, which includes speakers and things along that line, such as yourself, there's full day executors, some full day executive sessions, where you really get to focus in on each, each member's issues, those things that are bothering them. So not only do you get to process your own problems and get feedback, but you also get to work on other people and you grow by contributing, even if it's not your particular issue. But one of the, one of the really brilliant things about this is it's the only place where you can go, where somebody will hold you accountable for what you said you were going to do.

Mark Olander (59m 52s):
And also give you feedback that you may or may not want to hear, but it's safe everywhere else in your world. Everybody's going to tell you what you did wrong here. It's how do you improve your future? How you give me tools that I can use to improve my company, improve me. I mean, a lot of the speakers, they talk about better personal behavior and better, you know what, what's my lifestyle, what to be, how do I transition out of the business? How do I improve my car, my company's culture. Then on top of that, you get 90 minutes, one one-to-one with your chair, or you actually get to talk about all those things that you can't talk

to.

Mark Olander (1h 0m 35s):
Anybody else about some of the things, especially when I, I I've got a member who is a CEO of a public company, he can't talk about much of anything to anybody, but myself and his board of directors, because you've got all the public company rules, but we're able to sit there and dial in on what those things are. That's really effective. And it may not just be business. It may be personal issues. What do I do? How do I deal with my oldest child who, you know, doesn't, doesn't want to spend time with me and I've lost its connection. It's, it's amazing. The kinds of issues that we dig into and can help.

Mark Olander (1h 1m 16s):
Because as a chair, it's never about you. It's always about the member and getting them to recognize what they need to change or how they need to look at things differently in order to get to their desired result. And a lot of times they hadn't been taking the time to figure out what the desired result is. So I find it, I am enjoying myself immensely because of the impact I have, you know, for the members. And I liked these people.

Tom Bronson (1h 1m 49s):
Well, it's a testimony to the quality of the organization since you were a member for so many years, and now you've decided to go on and become a chair. I, you know, as I had mentioned privately, I wished that I lived out there because I'd love to be a, a member of your Vistage community. So,

Mark Olander (1h 2m 6s):
Well, of course that again, too, if you want to be a virtual member and just never attended in person, we could do that too.

Tom Bronson (1h 2m 13s):
Exactly. So one last bonus or one last question, business question here has been a lot of information. We've talked a lot about, ESOP's a lot about business planning and things like that. This podcast, as you know, is all about maximizing business value. So if you were had an opportunity to give one piece of advice, one thing, what is the one most important thing you recommend business owners do to build value in their business? Okay.

Mark Olander (1h 2m 41s):
Step back from it and stop thinking of the business as being you don't be defensive. Look at everything. Operationally, figure out where you can save pennies. Most businesses, even ones that are multi-billion dollar company it's made with pennies. It's just the multi-billion dollar companies have more pennies. So when you make a small little change, if you can save 10 cents here, the valuation is multiple is amazing. You know, what you always have to look at is if I spent $10 to do this process 10 years ago, is it the same or less

now?

Mark Olander (1h 3m 26s):
And it should be, you should be able to transform your business with all the new tools you have and everything else to make it future-proof. Because if you don't continually look at your industry and your business as how do I be a disruptor? You're just satisfied with how things are in the status quo. You will become irrelevant. Things, change. A lot of people don't want to embrace that change. And I can't remember who said it, but it was a meaningful quote. As if you don't like change, you're really going to hate extinction. So Always figure out how you're going to do things better and improve.

Mark Olander (1h 4m 13s):
How do I get everybody else around me to have more impact on the company and get out of your own way? Cause what made you a good CEO and gave you the vision? Won't keep you there. You really need everyone else around you and keep in mind. Not everybody. Nobody is like you, a CEO is unique and the minute you start thinking that, why doesn't he think like me? That's because he's the other 90% of the population.

Tom Bronson (1h 4m 45s):
Yeah. Yes. I love it. I love it. Hey, I can't let you off the hook here. I always ask a bonus question at the end. This, this has been so packed with great news, full information for business owners. We're gonna, we're gonna work to unpack this into a lot of different ways that are, that our audience can, can consume all of the great nuggets here, but I can't let you off the hug. I, I always ask about us question and your question is this what personality trait has gotten you into the most trouble through the years?

Mark Olander (1h 5m 18s):
The same personality trait that may be a good CEO. I am very directional blunt in your face. I think at this rate, not everybody else processes at that rate. And so what makes me a good CEO is exactly what is not, does not make me a good communicator with other people, especially resolving their problems. So I have to realize I have to dial it back, listen to other people and try to understand what they're trying to say. The number one thing that helped me get there is the challenge that it's, you know, when you're trying to communicate something, you, as the communicator is directly responsible to make sure the communication has been achieved.

Mark Olander (1h 6m 7s):
It's not the other person. Why don't you understand me? You have to present things in a way that they will understand. It's your responsibility. A CEO is a communicator in chief. And so you'd better be good at learning how to communicate as appropriate. I mean, take it on your own. If you have three kids, you have to communicate differently to all three children. If you approach all three children the same way you're going to fail as a parent, the same thing is true of your employees. So try when you're trying to do these things, you

know, adopt an understanding that no one else has liked you. Thank God. Otherwise we'd have no companies because we have no employees.

Mark Olander (1h 6m 49s):
Everybody would be an entrepreneur, nothing would ever get done. So, you know, just learn how to communicate well and Rameel. And remember it is your responsibility as CA CEO for adequate communication. Unless every person in the business understands your vision and why you're trying to get there. You will never be optimally successful.

Tom Bronson (1h 7m 11s):
That is, that is great. I have the same issue. I'm a bit of a high frequency thinker and I'm solving problems by the time the third word comes out of their mouth of perhaps a hundred word paragraph and I should have to slow down and listen, because perhaps I'm not getting the whole story.

Mark Olander (1h 7m 29s):
And most, most times when people come and you think you've identified their problem, that's really not their problem.

Tom Bronson (1h 7m 35s):
Right?

Mark Olander (1h 7m 35s):
It's something radically different. And you've got to listen to figure out what the real problem is because most often they're what this problem is. It's rooted in preconceived fears and disabling emotions that that person has. That's what needs to be dealt with. Not the symptom.

Tom Bronson (1h 7m 55s):
Yeah, you're absolutely right. So, Hey, how can our viewers and listeners get in touch with you

Mark Olander (1h 8m 1s):
Actually I'll make a blog entry for you along with this podcast. And they can use that other than that, LinkedIn is always available. And you know, I, I really hope that as a result of this, if people realize there's a whole lot of different ways to actually achieve transition, but transition is planning and thinking about it and being intentional about everything you do. And hopefully that will help sponsor that.

Tom Bronson (1h 8m 32s):
Yes, absolutely. Well, there's of course, there's a lot of Vistage members who, who listened to this podcast. You can find, you can find mark right in the Vistage portal. So, so you can do that as well. So thank you, mark. You've been an outstanding guest and we've gotten way more than, than, than I bargained for when,

when we started this conversation.

6 (1h 8m 53s):
Alright, Hey, it's my pleasure. I enjoyed it.

Tom Bronson (1h 8m 56s):
You can find mark Olender on LinkedIn or through Vistage, or of course you can always reach out to me and I'll be happy to make a warm introduction. This is the maximize 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 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 value

Announcer (1h 9m 33s):
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 mastery partners.com. Check it out.

Tom Bronson (1h 10m 18s):
That was perfect. I wouldn't make any changes on that.