



MAXIMIZE BUSINESS VALUE PODCAST - EPISODE 20 Transcript with Tom Bronson

Announcer: 0:05

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 a hundred 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: 0:44

Hi, this is Tom Bronson and welcome to maximize business value. A podcast for business owners, Passionate about building a longterm, sustainable value and in their businesses.

Tom Bronson: 0:50

Uh, so last week we talked about risks in your business. Uh, and I want to continue that theme and talk about personal risks. I know, I know this is a podcast about building business value. So why am I wasting your valuable time talking about personal risks? Well, the reality is is that your personal life and your business life are indelibly intertwined. And while it's easy to say, check your personal problems at the door every day, when you arrive at work and vice versa. The fact is is that our personal lives impact our business lives and our business lives impact our personal lives. So let's talk about the personal risks that that could impact your business and your business value. Shall we? So let's start, I'm going to do it just like we did last week. I'm going to go alphabetically, no pride of ownership here.

Tom Bronson: 1:48

And I'm certain that there are some other risks that I'm not going to address, but, uh, feel free to let me know those. And I'll be happy to, uh, to address them with you. So let's start off in the A's accidents. So we talked about business accidents last week. So let's talk about personal accidents. Like what happens if you, or one of your family members is in a

serious accident? So if it's, you, you have to make sure that you have adequate insurance to protect both your family and your business. But if it's a family member, think about how you could cope with that. And if there are things you need to put in place, because you'll be totally distracted because of an accident of somebody not involved in the business, you need to make a plan to be away from your business for an extended period of time and make sure that everybody knows how to handle that if that should happen.

Tom Bronson: 2:45

So, so accidents, not only personally, but family or even accidents with key people could have a significant impact on your business and you should plan for those. So while we're talking accidents, we might as well talk about death as well. So if you're like most people, you don't like tag to sit around contemplating death. However, without sounding morbid, you should take a few minutes and think about it, your own mortality, and put plans place to be able to ensure that your business can operate in the event of your death. So are you confident that everyone who works for you and of course, are you confident that your family are well aware of your wishes regarding your business? Is your family prepared to continue to operate the business? Are your managers prepared to continue to operate the business? Do you have proper insurance in place to ensure that your family can survive without potentially the income from the business?

Tom Bronson: 3:54

Think about those things and address them, uh, so that you can sleep better at night. If I'm keeping you up by talking about these things good, because you need to address them. So, um, like death that is certainly a part of life. If you're like most business owners, you live your life based on the income that your business can provide for you, your own personal debt obligations are based on that income. If something happens to your business, do you have the, the ability to meet your debt obligations personally? Now it might seem unusual, but your personal debt can have a major impact on your business life. And don't forget for most small business debt. It is tied to your personal credit, through a guarantee, uh, placing your personal assets at risk if something happens to the business. So make sure that you've addressed those debt risks in your personal life disability, sticking out with the bees here for a while and got a few more of these disability, diversification and divorce coming up.

Tom Bronson: 5:05

Fear, doubt. So lots of DS today, a disability, the odds are that at some point you are going to have to deal with a short term or a longterm disability issue either personally or in your family. The good news is that disability is one of the easiest risks to mitigate typically through insurance, make sure that you have both your personal and business obligations

covered with a good policy, especially if the business is dependent on you or your family is dependent on you for your, for income. So, uh, but now the insurance doesn't cover what you do in the business. It can provide you with the resources to hire somebody to do those things, but you'll need to make sure that those things are well-documented, uh, so that someone can carry on regardless of whether or not you can pay for it, right? You, you have to be able to document those so somebody can carry on the next D is diversification.

Tom Bronson: 6:09

If you're like most business owners say that a lot here today, nearly a hundred percent of your net worth is tied up in your business. Congratulations. And that means that it's in an asset that you, that would probably be difficult to liquidate. So you need to take some time and think about properly diversifying your personal net worth to ensure that you are not completely dependent on one source of income, should something happen, frankly, if you don't have a financial planner or a personal financial plan now is a great time to fix that. The next D is divorce. We get it. Divorce is ugly, no matter how you look at it, uh, and it can even get more complicated. When a business is involved, you should take steps to protect your business. Uh, in case of the unfortunate event of divorce, first of all, I do you do over to whatever you can to not have to get into that situation.

Tom Bronson: 7:11

But if it happens, you need to protect the business. You need to protect your income, uh, personally, and either personally, or if it involves one of your business partners or another shareholder or a key person, you need to make certain that, uh, that you are covered. Uh, in case of that, this is kind of obscure doubt and fear. So fear and doubt, doubt, and fear, fear, and doubt can be paralyzing risks. Everyone has fears and doubts except me, of course, uh, not true. Uh, in fact, I was having a conversation with one of my partners early in the formation of mastery partners. And I had some fear and trepidation about the new business model, because as you know, there aren't many people that do what we do. Uh, and he said, when I told him that I had fear about it, he said, I'm going to hang up right now, because the only thing I like about you is your unmitigated optimism and your self confidence.

Tom Bronson: 8:12

So I don't want to hear about your fears. I'm hanging up now. And I had a good laugh at that. Of course it knocked me out of my, my fear and doubt, but those can be paralyzing risks. Everyone has fear and doubt, and sometimes they prevent you from operating your business or cause you to make irrational decisions, irrational decisions. Now I've had that recently in the last couple of years, um, where I've talked to a business owner, uh, twice actually that, uh, is having, uh, having a bad, uh, having some fears and doubts about their

business. And they immediately jumped to the conclusion that this whole thing could go away. Look, if you're in business, you're right, the whole thing can go away. But what are the odds of an entire business? Self-destructing because of something that's impacting you right now, try and get those things in check, make sure that your own doubts and fears are not debilitating and protect your business.

Tom Bronson: 9:11

We all go through those cycles when in recognize that kind of, when you reach that trough, when you reach the bottom of the curve and everything seems hopeless, don't make rash decisions because the next day you're going to be headed back up on that cycle. If you map those things, and I've done this on occasion, just map those mood swings, those mood cycles, it kind of follows a 28 day lunar pattern. Uh, and so I recognize, and that's the way I manage it myself. I recognize when I'm at the bottom of that trough, that, uh, that in about two weeks, I'm going to be at another peak. Uh, and so I can manage my way through the trough so that I can, I know it's gonna get better tomorrow. And so, so think about those things and don't let those fears and doubts, um, uh, hamper you in your personal life or in your business life.

Tom Bronson: 10:09

So, uh, next, now let's move on to the ease. Finally, getting out of the DS here, uh, economy, of course, the economy can impact your business, uh, but, uh, then it could also impact your personal life, your personal income and therefore your personal lifestyle. So make sure you have plans in place to ensure that you can weather those economic storms. We've just been through an interesting economic storm. Uh, and so make sure that you've got plans in place to protect yourself personally, if something like that happens again, let's talk about health for a second. Cause that's a, that is a big risk for us. All personally, you may be in the best health of your life, or you may be a couch potato, are you taking the proper steps to make sure that you stay healthy so that you can protect your family and your business?

Tom Bronson: 11:03

You know, that's what gets me up in the morning. You know, I'm an early riser, I'm up usually at five o'clock every day, if not before, uh, and by first light, um, I am out, I used to go running. Now I do more walking, uh, more concerned about my knees, I guess, uh, the older I get, but I do like a good run. Uh, but, um, when I'm walking around the block and, and, uh, I've got a partner who eats basically nothing, but, but, uh, meat and potatoes, I'm not going to call him out, but his initials are John Garbutt, uh, he's basically meat and potatoes all the time. And I always, I always tell him, Hey, would it kill you to eat a salad or

a green bean every now and then, so think about your health and make sure that you're staying healthy.

Tom Bronson: 11:45

Sorry, John. Uh, so longterm care is another risk for us personally. We are living longer, you know, as a result of eating those green beans and salads, uh, thanks to modern medicine too. Of course, therefore the odds are pretty strong. That longterm care is probably somewhere in your future. So, uh, so long as you're currently healthy, it's one of those easy risks to mitigate. Uh, and it's most commonly through insurance, but if you're not healthy, it's, it's less easy to mitigate. So, so the health kind of intertwines with that longterm care. So loss of earning power, uh, loss of earning power is primary risks that most business owners need to deal with. Loss of earning power can occur because of, uh, many of the risks that we've already talked about, but there's also loss of earning power. Uh, uh, but if there is a loss of earning power, rather you have a, do you have, uh, proper contingencies in place so that your family can survive.

Tom Bronson: 12:46

Those things can be debilitating. Uh, if, uh, if you can't manage that and think about those things in advance, finally, uh, want to talk about taxes because that's always a big risk, especially as the closer you get to exiting your business, the more you want to pay attention to the risks in terms of your personal and family wealth, as it relates to taxes, I don't care what the size of your estate is. Make sure that you have a proper estate plan set up a great tax attorney or a state attorney a will pay for themselves with great advice. So if you don't have one of those, if you don't have a will stop right now, go and get a will make sure that your estate plan is up to date. And it makes sure that those risks are covered. Those are easy to cover, make sure that you get those in place.

Tom Bronson: 13:40

So now that you understand more about the risks you can methodically work through, and de-risk your business from last week's podcast and your personal life from this week's podcast, I promise you, you will sleep better knowing that you're doing something about them. So this is the maximize business value podcast, where we give practical advice to business owners on how to build longterm sustainable value in your business. Be sure to tune in each week and follow us wherever you found this podcast comment. We love the comments, we'll comment back, or we'll answer your comments. And so until next time, I'm Tom Bronson reminding you mitigate, mitigate those risks, business and personal

Announcer: 14:35

[inaudible]. Thank you for tuning in to the maximize business value podcast with Tom Bronson, this podcast is brought to you by mastery partners, where our mission is to equip business owners can maximize business value so they can transition on their own terms. Our mission was born from the lessons we've learned from over a hundred business transactions with fuels our desire to share our experiences and wisdom. So you can succeed, learn more on how to build longterm 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: 15:21

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