

Announcer (5s):

Welcome to the Maximize Business Value podcast. This podcast is brought to you by Mastery Partners, where our mission is to equip business owners, to Maximize Business Value so they can transition their business on their terms. Our mission was born from the lessons we've learned from over 100 business transactions, which fuels our desire to share our experiences and wisdom. So you can succeed. Now, here's your host, 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 your business. In this episode, I've got a treat for you. I'd like to welcome our guest, Judy Barton. She is a senior client strategist with BNY Mellon wealth management. Now I first met Judy through the professional networking group. Provisors where she is my home group leader. Judy is one of those, just get it done. Kind of people who really drives results for her clients. I'm really impressed with the work that she does. And I've really enjoyed getting to know her over the last few years.

Tom Bronson (1m 14s):

And I'm excited to bring her knowledge to this podcast. So welcome to Maximize Business Value. Judy, how are you?

Judy Barton (1m 23s):

Well, Tom, thank you so much for having me here today. I'm really excited about talking with you and talking with your clients about how they can maximize their wealth through their businesses.

Tom Bronson (1m 33s):

Can you tell us a little bit before we get started on that and that's great stuff to talk about. Tell us just a little bit about BNY Mellon wealth management.

Judy Barton (1m 43s):

So BNY Mellon wealth management has been around for a long time and I used to tell people, well, we were founded by Alexander Hamilton. Nobody thought that was cool until the Broadway show. And now everybody thinks that that's very cool. So to say that you are one of the oldest over 230 years old bank in the U S one of the safest we've had clients, private clients and institutional clients for many, many years in many generations. I think some of the notable differences about BNY Mellon wealth management is that we are what's called a fiduciary. And if you don't know what that is, you should look it up.

Judy Barton (2m 23s):

I love investopedia.com, but if fiduciary means that we have a relationship with our clients, that we are held to a higher level, a higher standard, that when we give advice to our clients, it's solely in their best interests, not in ours. So no commissions, no no selling of a product. It really is based on a customized solution to

meet whatever the client's goals are. In addition, we take care of our clients as if we are a very small boutique firm.

Judy Barton (3m 3s):

And you wouldn't realize if you had that experience with us, how significant and large we really are. So I think being a fiduciary, having a customized approach and having a high level of service or some of the notable things about BNY Mellon, wealth management,

Tom Bronson (3m 23s):

You know, if I have known that, that the bank was founded by Alexander Hamilton, I would have had some Hamilton music queued up so that we can play that. But I didn't know that that's a, that is very exciting and you're right until the musical, nobody cared about Alexander Hamilton did that and you bring up a great point. Fiduciary. That is probably the most important. The thing that I tell folks to look for when they're hiring a wealth manager, make sure you're hiring a fiduciary, not only bound by ethics, but also law to be looking out for their client's best interests. That is a great point. So what is your background? And can you tell us about your path to becoming a senior client strategist at BNY Mellon?

Judy Barton (4m 9s):

I can, it actually has an interesting background and I started my, my career out in corporate finance. So I was with EDS. I was with Nortel networks. I was, was with Sedexo Marriott all in corporate finance. So budgeting, forecasting, working with the production of each of those firms to figure out how it translated into successful financials. And from that, I was able to work in Dallas and Boston and DC and London. So really a broad background of finance experience. I then made a big switch as an entrepreneur.

Judy Barton (4m 52s):

So my former spouse and I owned together a printing franchise. That's very well known across the country and we had that for about 10 years. And so, you know, when I'm working with business owners, I can say, I've been a business owner. I've been in your shoes. I understand what it is to hire people and meet clients expectations and deal with OSHA and, you know, whatever state workforce commission you have. So wearing all of those hats. In addition to being concerned about top line and bottom line growth. So with a business owner for 10 years, and really becoming or coming to wealth management was a combination of that corporate finance background, as well as being an entrepreneur and bringing those two together to help business owners have successful outcomes.

Tom Bronson (5m 49s):

I love that. I think that's a great path. And I think being a former owner yourself sort of gives you a different perspective and working with your same thing. In my case, you know, I've owned a a hundred businesses in my career or done a hundred transactions in my career and, and having that perspective to sit toe to toe with somebody in knowing that we've got a lot of shared experience been there, done. That just means a lot

to our clients. I'm confident that it does the same for you. So you work with a lot of owner founders who are contemplating selling their business either sometime in the future or some of them probably are going through the process.

Tom Bronson (6m 29s):

Now, what does that look like from your vantage point?

Judy Barton (6m 34s):

It's an interesting view because I admire business owners so much, they really know their businesses and, and they can feel the risk inherent in their businesses. They know how to dial up the risk. They know how to dial down the risk. They know that I almost see it as levers that they can pull, you know, they know what levers to pull, to be able to make changes in their business. And so, so that risk that cashflow, how much can I pay myself this much? How much can I pull out? How much do I need to add in all of those factors of a business owner are very tangible and very real to business owners.

Judy Barton (7m 17s):

And what I see is very interesting business owners oftentimes are building their business to have some kind of exit, whether that be a transfer of the business, to their heirs, whether that be a sale, whether that be private equity investments. So any type of exit. And with that exit B brings this, this pot of gold at the end of the rainbow. And they get that pot of gold at the end of the rainbow, and they look at it and, and they stare at it. And the thought is, well, now what do I do? Because the risk that is tied to that pot of gold at the end of the rainbow is not as tangible and manageable to them as was the risk in their business.

Judy Barton (8m 5s):

And so a lot of business owners end up just with fear and because they've been seen as so successful and the leader of their business and the driver of their business, they oftentimes don't want to share that fear with anybody around them. They're almost not able to articulate that, okay, now I have all this wealth and I'm afraid because I don't know what to do with it. And I don't know how to invest it. And I don't know that language. So there is a real and, and acknowledged fear there with business owners.

Tom Bronson (8m 45s):

A lot of times that, to me, there's a couple of things there that I want to unpack the whole thing that's going on in the dynamic that's going on in the story. That's kind of playing out the owner's head, a great friend of mine and someone you may know, Denise Logan wrote a great book called the seller's journey. And it talks about psychologically kind of the phases that a business owner goes through. Great book. I would recommend that to anyone. And she's also done a podcast with us, Denise Logan, the seller's journey, but also some of that paralysis, if you will, what do I do now is caused by business owners, not really thinking about what comes in the future, you know, getting up and going to work every day for the last 30, 40, 50 years has been their reason for being right.

Tom Bronson (9m 36s):

And so they, they sometimes, even though they're going to monetize that and many times in a, in a very large way, they just haven't given any thought to kind of, what is, what is the future, or what does the future hold? You know, where am I going to find my value, that kind of thing. What do you think about that?

Judy Barton (9m 57s):

I agree with you. I think business owners who then leave their business, do search for a new purpose, and that purpose might be doing another business. That purpose might be philanthropic. So they, they sometimes it's my purpose is I don't want to do anything and, and acknowledging that that's okay. So I think there is real value in figuring out what happens after, after that event. But a lot of times there's a lot of work to be done. Even before you get there,

Tom Bronson (10m 34s):

You talked about the paralysis right now, what do we do next? And kind of everything kind of grinds to a halt. What can a business owner do to kind of remove that paralysis?

Judy Barton (10m 46s):

Tom, I think the most important thing that a business owner can do even before they're contemplating an exit, or even if the exit is far off, the best thing a business owner can do is to build a strong team around them. And that is so obviously internal to their business. But what I'm referring to in this instance is building that team around them, a team of professionals that can help them from the beginning to really ensure that when that time comes, when they do that, you know, over the rainbow thing, to that pot of gold, that they've done all of the steps correctly, along the way.

Judy Barton (11m 29s):

So I think the biggest thing that business owners can do to remove that paralysis is to ensure that they have the right team surrounding them.

Tom Bronson (11m 40s):

I agree, you know, here at mastery, we have a term for that. We call that the transition team and we tell business owners all the time that they should have a solid transition team. Now they might also need some value team members, folks who will help them build value in the business, but they need a solid transition team. And it's my opinion that they probably me that earlier than they think. So in your experience, how early should they start and who should be on that team besides of course, mastery part.

Judy Barton (12m 12s):

Exactly. I agree with you a hundred percent that that team should be in place early. So I would obviously start with, as you're formulating your business, as your business is beginning to grow, ensure you have the

right corporate attorney with you to think about the correct structure of your business, what type of entity it needs to be in, again, thinking ahead down the road. So almost backing into how you should construct your business entities for the most optimal outcome for yourself or your family.

Judy Barton (12m 55s):

Secondly, you should also have a well qualified accountant or CPA on your team. And so I actually had this question. I was speaking at a, at a conference recently about this exact topic and somebody asks me well, when I have a CPA, should I have two separate CPAs, one for my business. And one for my personal and my responses that I think that if you can find a CPA who can do both, it's really optimal because a lot of times your business flows through to your personal accounting. And instead of having duplication or two efforts or miscommunications, you've got one CPA or one team or one fam that might have two different areas who is looking at both your business, accounting, your monthly close, your general ledger, your and L your cashflow statement, your balance sheet, all the things Tom that you talk about, and, and also how that flows through to your personal wealth.

Judy Barton (14m 2s):

So those are the first two people that are two professional types that you should have on your team, as you start your business as your business progresses, or as it's time to add people to your team. And personally, and, and also not just as your business progressive, but some of these also you should have at the very beginning. So some other staff at the very beginning are a trust and estate attorney. So Tom, you would not believe how many people I speak to who don't even have a basic will powers of attorney, both medically and financially.

Judy Barton (14m 43s):

And, and literally I promised you, this keeps me up at night when I think about it, because if you're a business owner, you're not just responsible for your employees and your clients, but you're also responsible for your family. And God forbid, something happens to you where you can't be in control of yourself or your business. You have got to plan for that in advance. And, and hopefully it never happens. But when it does happen, leaving that step out of the process can be extremely detrimental to both your business and to your family. So a trust in the state attorney is paramount at the very beginning to get your affairs in order.

Judy Barton (15m 23s):

And, and also Tom clients say, well, oh, I don't want to talk to a trust and a state attorney because if I do my, my, my estate plan, that means I'm going to die, or my spouse. And I can't agree on who will be guardians of our children. And, and here's how I try and shift people's paradigm. If they have those thoughts. My response is by having a trust in the state plan and powers of attorney, it allows you to have a voice when you don't have a voice. And I would say, hopefully you'd agree with me that most business owners are type a drivers who want to be in control. And so the thought of having other people make decisions for them on their behalf, who really don't know what they want, because it's not written down or documented anywhere.

Judy Barton (16m 12s):

I would hope would be a call to action for people to take this step to again, have a voice, speak for yourself and be in control when you may not physically be able to do that. So a trust in the state attorney is really important. There's a few others you also should have and make sure that your business and your personal property insurance is set up correctly. And by correctly, and I don't sell insurance, I'm not licensed insurance. So I'm not here to talk about insurance, but by correctly, I mean in conjunction with how your CPA and your corporate attorney and your trust and estate attorney have titled all the different aspects of your life.

Judy Barton (16m 59s):

So your business, and maybe the property that goes with your business needs to be not only insured, but needs to be titled correctly in accordance with how your business is set up and your personal property also needs to be insured correctly. You also should think about life insurance, again, not here to talk about insurance, because the only thing BNY Mellon does is manage well. We don't do anything else, but life insurance is a key part. And having someone that you can trust not to sell you things you don't need, but to make sure that what you're working so hard to accumulate and create and protect is protected with life insurance.

Judy Barton (17m 46s):

Lastly, as you progress towards some type of exit, having a mergers and acquisition attorney is key, and that may be slightly different than your corporate attorney. It may not. It may be the same person. It may be a different person, but having someone who specializes on the buying and selling of business in your corner, as you're doing this is paramount as well as you may want to have someone in any one of the advisors that you have in the list that I've just shared with, you can also help introduce you to someone who can value your business. And valuation is very important, not just for when you might sell, but even well in advance for when you might do be doing trust in estate planning.

Judy Barton (18m 37s):

We can talk about that more in a little bit. So those are the key members. And I know it sounds like a lot. And people are like, oh my gosh, that's so many people on my team, but they all come to business owners with their own lenses, their own paradigms, their own viewpoint and their specialty together. And if you can get these people to work together around you, as part of your team, you will optimize the work that you're doing with Tom, and then you will optimize whatever goal or transaction or exit you want to have at the backend.

Tom Bronson (19m 21s):

Wow. I love that. There's a couple of things I want to go back to. Most importantly, I wanted to add that for our clients that are, that are kind of approaching the, the exit timeframe within three years, we started assembling this team and then we meet together as a group. Why? Because there are things that the CPA knows that maybe the attorney doesn't know or needs to know there, you know, that when it's we find that

the kind of the collective wisdom of the group, and we will put on a one hour zoom call or something with those folks or meet in their office just, and we meet annually just to think about, is there anything changes? Is there something going on with tax laws that we need to consider? Are there other things that we need to consider?

Tom Bronson (20m 3s):

So I think it's really important to assemble that team. You know, you mentioned finding the right CPA. I think that applies really kind of across all these, but CPAs and attorneys are sometimes the hardest ones to find in this group, because you know, there, there are different flavors and they're not, they're not all cut from the same cloth. So to speak the, you know, there are some CPAs that really are just, they just do taxes and they do books right there, look keepers and, and do taxes. But then there are CPAs that really act like a surrogate CFO for your business. That's the kind of CPA that you need in your business.

Tom Bronson (20m 44s):

Long-term and you might also someone who's got M and a experience there because not only for an attorney, as Judy mentioned, who has M and a experience, you probably want a CPA, who's got M and a experience as well, because they're the ones who are going to kind of be running some of these financial scenarios and help you figure out and understand what kind of the tax implications are going to be in addition to your wealth manager and the other folks. So it's really important to go find the right people. I'll pause there for you to react to that. And then I'm going to add one more thing.

Judy Barton (21m 21s):

Yeah. I didn't mention on the list, I guess it was implied. You want to have a wealth manager involved in that process as well. So I thought to myself, well, I, I didn't say it so maybe I should. And a lot of times people are like, well, my transaction's not going to happen for another three years. I will tell you that again, it will be to your benefit. You will optimize the outcome of that transaction. If you include a sophisticated wealth manager with that team, because there are a lot of things that you can do to increase the value of the deal well in advance that you can't do later.

Judy Barton (22m 3s):

And so having a wealth manager involved in that conversation early on is really important. And I will also just add that a lot of people start their businesses and their advisors around them are their personal friends. Somebody, they went to college with somebody who's their neighbor. And, and that is fantastic. And I absolutely applaud loyalty as a business owner. There are times when you have to look at your team and make sure that your business and your goals for your business, haven't outgrown your team of advisors.

Judy Barton (22m 43s):

So I'm not here to say you shouldn't dump all your advisors and get all new ones. I'm just emphasizing that business owners, they get a comfort level with, you know, their buddy and their, and their neighbor. And it's

been good, you know, all this time, but just ensure that, that your team, that you've not outgrown them.

Tom Bronson (23m 5s):

Yep. I think that is, that is solid advice. Now, the one last comment, and then we're going to need to take a break here was, you know, the, the reluctance to, to have that will, or power of attorney, you know, those legal documents that everybody should have in place, you know, it's, it's gonna happen, but, you know, we all expire, right? I mean, we have an expiration date. Thank goodness. We don't know what it is. Right. But, but something is going to happen. And wouldn't it be better to plan in advance and consider all of those things and have it to be your plan rather than having a plan thrust upon you, which is the way I think about what happens when something happens to a business owner, they, they suddenly die or become incapacitated.

Tom Bronson (23m 56s):

Well, now it's not their plan going to be carried out. Now it's a plan. That's going to be thrust upon them. And that's just, that is just dangerous. All right. So we need to take a break. We're talking with Judy Barton and we're having a great time. Let's take a quick break. We'll be back in 30 seconds.

Announcer (24m 15s):

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 (24m 56s):

Now is that time get started today by checking us out at www.masterypartners.com or email us at info@masterypartners.com to them.

Tom Bronson (25m 12s):

We're back with Judy Barton, senior client strategist with BNY Mellon wealth management, the firm that was founded by Alexander Hamilton. We learned in the first part, and we're talking about exit planning. So Judy, most business owners are so consumed by their business, that they don't stop and think and plan for their personal wealth until a sale is eminent. Now, I think that's a huge mistake. What are your thoughts on that?

Judy Barton (25m 42s):

I couldn't agree with you more and I will share with you a client story had a client come to us, had a very successful exit, right towards the end of the year in December and asked, can you help me reduce the tax

liability that I have with my business sale?

Tom Bronson (26m 5s):

Please tell me they did not have a check in their hand.

Judy Barton (26m 9s):

The funds, the proceeds of the sale were already in the bank. So yeah, it was. Yeah. So you put your hands up. Like, I mean, so there are things that a business owner can do well in advance of the transaction. And I'm talking, you know, three, five years in advance of the transaction that can actually increase the value of the deal when it occurs. So, as we like to say, at BNY Mellon wealth management, we don't give tax advice. We don't give legal advice, which is why we work with your, but at a couple of examples, are there are some legal strategies that are very well known, very well blessed that allow you to transfer some of the ownership of your business to whomever you want to let's in this instance, example, say your children so you can transfer a portion or shares of your business to your children at what's called a discounted value.

Judy Barton (27m 15s):

And it's discounted because maybe your business is new. Maybe it's not, not a lot of revenue. Maybe nobody would buy it. So for lack of marketability, it's, it's not very marketable. So the value of those shares may not be worth a lot. So you can transfer those shares as a gift. And again, not here to give legal advice, your attorney, your CPA and us can work together to help with these strategies. But when you were businesses then sold the value of those shares can be significantly higher in value than when you gifted them to your children in this example.

Judy Barton (27m 59s):

And so you can't do some of those things. As you get closer to even getting your business prepared, to go out, to be sold, or once you have a letter of intent or an LLI, you definitely can't do a lot of those different type strategies. So that was just a hypothetical example of how you can really increase the value of the transaction, but you have to back it up well in advance of it. In addition, again, not, not giving tax or legal advice, which, which our, our firm loves.

Judy Barton (28m 41s):

When I say things like that, there are tax strategies that can help to minimize or be more efficient in the way you're structured. So that when you have a transaction, perhaps the taxes that you owe on it could be less than had you done nothing. So the lesson in that is have those conversations well in advance. And I know, again, from personal experience, I know business owners are thinking, I got my clients, I got my employees, I got revenue.

Judy Barton (29m 21s):

I have payroll, you know, cash flow in and out of God, AR AP, I I've got all of those things, got to get reports

to my accountant. I know that. But if you back up and make this part of how you run your business, you will really, as a business owner on the backend, by having worked with your team, that you've put in place early on to build into these strategies before it's too late. So I encourage business owners to have those conversations with the, with their team. And a lot of times business owners say, well, I don't even know what to ask. I don't know what strategy to ask about.

Judy Barton (30m 3s):

So you don't have to know the strategy. The questions you ask your team are, what planning can we do now to be more tax efficient? Should I sell my business down the road? Or are there any strategies that we can work on with my team that will help me transfer wealth to my charity, to my heirs, to my spouse, to my grandchildren. Are there any strategies we can work on now that will benefit those people? When I sell my business, those are the questions you have to ask. You don't need to know the answers. You just got to ask the question.

Tom Bronson (30m 45s):

Exactly. Those, those folks are the experts that can help answer those questions. And, you know, I, I wanted to just put an emphasis on one of your points. This is not the kind of thing that you start doing when you get that LOI on your business. It's, it's many, in many cases, once you have that in your hand, you've taken way too many options off the table. And so you, you really need to have these conversations. Well in advance three to five years before you're selling your business, I always recommend get started way early, because there's a, I don't know if I've ever shared this with you, Judy, but if you ask a hundred business owners, what is your exit strategy?

Tom Bronson (31m 26s):

99 of them will say, oh, I'm going to sell in three to five years. But they say that on average for about 17 years before they sell, if the very first time they say that they start assembling their team, that's the right time. And the reason they keep kicking that can down the street and say, you know, I'm going to sell them three to five years for so many years is because they're not taking the time to do this planning and advance and think about the things that they need to do. And they know that they're going to make a mistake if they pull the trigger on a sale, because they haven't done this planning, get that planning done. It just opens the door to more options when it's time to, to exit the business. So get that before you get that LOI.

Tom Bronson (32m 7s):

I'm so glad that you pointed that out. Are there other areas of personal wealth that a business owner should consider before he or she plans to sell?

Judy Barton (32m 18s):

There are. And this is a really important one, too, that a lot of business owners don't think about until the transaction happens. So many business owners have their businesses pay for a lot of their expenses and

that's all okay. But if you stop and think about it and you stop and list out all of the expenses that are paid for by your business, they might include your cell phones, your gas, your car, your car insurance, your healthcare expenses, trips that you might take, because they could be business trips, family members who are employees.

Judy Barton (33m 9s):

You know, I'm not making suggestions of what you should run through your business. I'm just listing out the things that typical business owners have their business pay for. And what happens is when they get to the end of a transaction, if they stop and say, did I get enough? What that tells me is they haven't thought about their lifestyle expenses and they're maintaining their lifestyle. Post-transaction in advance of the negotiation. And here's why that can be of benefit to you.

Judy Barton (33m 50s):

So when you're working with your team and you're working to sell your business, knowing what you need to maintain your lifestyle and support your family or whomever after the transaction is actually a number that can be quantified before yourself. And it's not difficult to do. That's something that we work with the team and we help do. So we will help figure out what is my lifestyle now? What am I spending, regardless if I'm paying for it, or if the business is paying for it, what am I spending? And, and what does that look like in terms of how long I intend to live?

Judy Barton (34m 33s):

I'll obviously all of us intend to live a long time. The IRS actually has statistical tables on how long they think we will live. So based on how much I spend now and how long the IRS thinks I'm gonna live, I can help you back into how much you need to get from the transaction accounting for inflation, which is really important because we're now we all see inflation is real. We haven't had it for years and years and years, and now it's, it's raising its head. So what is my lifestyle? How much am I spending? How long am I going to live grown with inflation?

Judy Barton (35m 15s):

What's that numbering today's dollars. So that'll help answer the question. Well, in advance of you negotiating, did I get enough? So, you know, going into those negotiations, what your number needs to be. If you get anything above that number, then you know, that's just icing on the cake. And then that creates the opportunity for you to do additional planning. Do I want to guest, do I want to contribute to philanthropy? So, so knowing what my number is to ensure that myself and my family can live in the lifestyle that I've created for the remaining number of years, grown with inflation, I need to get that number and anything above and beyond that is icing on the cake.

Judy Barton (36m 9s):

So that's what business owners really need to do as they're contemplating a sale. A transaction is no that

number, no, what you need to feel safe so that when you are post-transaction, you never ever have to ask the question, did I get enough? You want to ensure that your wealth outlive you, you don't want to outlive your wealth.

Tom Bronson (36m 42s):

Yeah, that's a, that's a disastrous situation. So you talk about kind of what I call those discretionary expenses, the owner, discretionary expenses. And there are many of them that I consider to be, you know, very legitimate. If you have to drive around and the company provides you the car you're driving around for your business, that's great. You know, everybody uses their cell phone for business. I understand that, but we advise our clients to start minimizing those things. As you get three to five years, why? Because number one, it gives you a feel for what those expenses feel like to you, right? And as opposed to your business funding them. But number two, you want to add those things back so that you can calculate the value of the business.

Tom Bronson (37m 23s):

Those are called add backs for our audience. And if you have dozens and dozens of add backs, many times a buyer will get what we call adjustment fatigue. They won't give you full credit for all of those things that you want to add back. And I've seen such things as agregious, as you know, the lawn maintenance guy at home is being paid for by the business. The pool guy is being paid for by the business. You know, the housekeeper is being paid for by the business. Get it, pay the taxes on that stuff. Now just pay yourself a salary, pay the taxes on that stuff now, because it will improve the value of your business.

Tom Bronson (38m 4s):

Long-term I don't know if, have you heard any stories like that, Judy?

Judy Barton (38m 9s):

Oh yeah. I mean, multiple, multiple, which is why you never want to ask that question. Did I, did I get enough? I would say there was, there's one other thing to add on to thinking about your personal wealth as you're getting closer to a transaction and that's the following. I think people, when they think about their wealth, they only think about stocks and bonds and how am I going to invest it? And, and they get really myopically focused on that, which is of course really important, right? It's, it's how you continue to grow your wealth when you've extracted it from your business. So in that is a key part of what we call active wealth.

Judy Barton (38m 50s):

And so that's what I wanted to share with your business owners is how to think about their personal, personal wealth in terms of active wealth. So there's actually five areas within how we think about managing wealth or active wealth. The first one is obviously invest stock bonds. Did I buy home Depot or Lowe's or Coke or Pepsi? And do I have enough to invest in private equity? And what are these things? So invest is important. The second area we just talked about is spending, spending people think that they don't have

control of their wealth once they've sold their business, because it's in the markets and I don't control the market. But what I share with clients is actually one of the biggest compliments or insult to a person's personal wealth is their spending.

Judy Barton (39m 41s):

And you do have control of your spending. Now I will never share with a client what they can and can't spend. That's not what I'm here to do. What I share with clients is here is the outcome of your spending decisions. Before you make them, let me show you what that looks like. And then they can decide if they like that outcome, or they don't like that outcome. And typically spending means how long has that wealth that you work so hard as a business owner to create? How long is that going to last? Right? And I said, we can quantify that, but it's sometimes people get it and then their spending just goes crazy. And so again, I think investing spending is important.

Judy Barton (40m 24s):

The third area of someone's personal wealth or active wealth to consider is borrowing. So people often say, well, gosh, if so-and-so has that much in, in their wealth, why would they ever want to borrow? So borrowing is a tool in a wealthy person's toolbox. And I will share with you that a significant high number of our very, very wealthy clients understand the value of having that borrow tool in their toolbox. Because if you can borrow at a lesser rate than you can keep your wealth invested, making more money for you, then you're going to be ahead. I'm not saying borrow is for everyone in every situation, but it is a tool in the toolbox is that that's the third area.

Judy Barton (41m 11s):

The fourth area is managed. So having your wealth managed for after tax return is paramount. So it's great to say, oh, my person invested, and I've got this much in return, but what was your after tax return? Because the investment team is not paying your taxes, you're paying taxes. And so to do well in the markets and in investing is great, but it's really important to focus on after tax returns. And then the fifth area is protect. So protect us. We've already talked about that. Protect can be your trust in the state plan, your life insurance, your property insurance, those types of things.

Judy Barton (41m 57s):

So when someone is thinking about their personal wealth, not only getting ready for the transaction, but they also need to think about all of the areas of their wealth, invest, spend, borrow, manage, and protect,

Tom Bronson (42m 15s):

Writing these things down. That's that is great. That now, is that something that, that BNY Mellon came up with, or is that something that you came up with over time?

Judy Barton (42m 29s):

It is, it is how our firm works with clients. It is created and, and really is a, a whole holistic strategy of how we work with clients. It is called active wealth and people want to look more about it and find out how to incorporate those components in their lives. Absolutely had to be in one melon to, to get more information about that, but it is real. And I will add this one comment. We've actually quantified that by focusing on those five areas that you actually can add incremental return to your portfolio, we've, we've actually quantified it.

Tom Bronson (43m 19s):

That's awesome. That's I, and Judy will be happy to show you how, if you reach out to her and we'll tell you how to do that in just a minute, like, as we sorta come down the home stretch here, if you had to summarize kind of the most important things that, that our audience should keep in mind, what would those things be? Judy,

Judy Barton (43m 39s):

I would summarize our conversation today with three things that your clients Tom need to really focus on is they're considering their wealth and an exit. The first one is to build the right team around you. I just can't stress that enough. The second one is to build that team early, do your planning early, you will optimize whatever your outcome, whatever your goals are. You will optimize that by planning early. And the last point is really make sure that you've thought about what your lifestyle needs are well in advance of a transaction so that you don't ever ask the question.

Judy Barton (44m 26s):

Did I get enough? You want your wealth to outlive? Yeah.

Tom Bronson (44m 34s):

So, you know, we always ask a couple of last questions at the end here of every one of our guests. And the first one is this podcast is all about maximizing business value. And now you've got a broad range of experience. This doesn't have to be from, from what you do at BNY Mellon. It could be any anything from your experience, but from your experience, what is the one most important thing that you would recommend business owners do to build long-term value in their business?

Judy Barton (45m 6s):

I really believe that long-term value in a business is built by not being afraid to ask for help, not being afraid to say this isn't my expertise. I don't have knowledge in this area. I'm okay with saying, I don't know. And when I worked on with clients that they asked me a question and I don't know, I will say, you know, I don't know. Let me find out, let me pull in someone from my team. Let me ask one of my partners or one of my specialist, my wealth strategists, and we'll find the answer. But I would encourage business owners to not have fear of asking for help and asking for expertise when they don't know.

Tom Bronson (45m 49s):

You know, I love that. That's a lesson that I actually learned from my youngest daughter. I don't know why, but, but she among all of our children and among everyone, I know whenever she heard something that she didn't understand, she would say, wait, stop. You just said something. I don't know. Can you explain that to me? And she still does. She's 19 now, very inquisitive. She's a sophomore in college, but throughout her entire life, if you're having a conversation with her or she's doing something or we're watching a movie, she would say, stop. I don't understand that. And man, what a great lesson for business owners, right? And for anybody too many times, we gloss over those things, oh, I'll figure it out later.

Tom Bronson (46m 32s):

Or someone says, do you know what I mean? And your ** and you don't go on, you know, that's the perfect opportunity to ask those questions. That is great advice. But now we come to the bonus question, Judy, the one that everybody has been waiting on this podcast to hear what personality trait has gotten you into the most trouble through the years.

Judy Barton (46m 53s):

That's funny talking. So I have a little PTSD from my first grade teacher, Mrs. Lawson, who did have a beehive hairdo and used to keep pencils in the back of her beehive hairdo above her boat. She had color-coordinated bows and pencils. And she just used to always tell me, kind of like keep my voice down. And, and you know, I was the one with the comments, the, on the report cards, it says, Judy always wants to raise her hand. Always wants to answer the questions always is talking with her neighbors.

Judy Barton (47m 37s):

So I know Tom, you know me, you don't find that surprising at all, but you know, talking

Tom Bronson (47m 44s):

Yes. Not particularly surprising. I've I've been accused of the same thing many, many times. I, I don't, I don't believe anybody. I hope you don't either. Cause I don't think you talked enough, Judy. So

Judy Barton (47m 55s):

Wow.

Tom Bronson (47m 58s):

How can our viewers and listeners get in touch with you?

Judy Barton (48m 2s):

You can reach out to me through LinkedIn. You can email me at judy.barton@bnymellon.com. And also all of my contact information is also listed on my LinkedIn profile.

Tom Bronson (48m 20s):

udyAwesome. Thank you, Judy. Thank you for being a great guest today in educating our business owners,

Judy Barton (48m 26s):

Tom, thank you so much for having me today and thank you for all that you do for business owners and guiding them through all of the challenges that they face. You are a real asset to your clients, and I appreciate you having me on today.

Tom Bronson (48m 40s):

Thank you so much. You can find Judy Barton at [BNYMellonwealth.com](https://www.bnymellonwealth.com), of course, as she said, you can find her on LinkedIn, but of course the easiest way to find her is to reach out to me. And I will be happy to make a warm introduction to my good friend Judy Barton, this is the Maximize 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 follow us wherever you found this podcast. And give us a comment or a suggestion. We'd be happy to address anything that you want us to address on this podcast and a future podcast.

Tom Bronson (49m 22s):

So until next time, I'm Tom, Bronson, reminding you that it's never too early to start planning for your ideal desired exit strategy while you Maximize Business Value

Announcer (49m 37s):

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