MAXIMIZE BUSINESS VALUE PODCAST - EPISODE 24 Transcript with John Gorbutt

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: 0:46

Welcome to maximize business value. A podcast for business owners. You are passionate about building longterm, sustainable value in their businesses and Episode. I'd like to welcome our guests , John Gorbutt, who's principal at the Gorbutt group, and a partner with us here at mastery partners. He's really kind of the brains behind the operation brains and beauty. You'll learn that more in a minute. John and I have worked together for nearly 25 years. Uh , first all we were partnered on a team after both of our companies were acquired in the nineties. And then as collaborators in other businesses, John has done a pre acquisition due diligence and post acquisition integrations for many years, and probably knows more about business transactions than anybody on the planet. Except me. Of course, today, we're going to tap into his vast knowledge and expertise regarding preparing a business that will eventually transition because all businesses will eventually transition whether we want them to or not. So welcome to maximize business value. John , how are you?

John Gorbutt: 1:47

Hey , I'm doing great. Great to be here, Tom. It's awesome to have you with us. Tell us a little bit about yourself. I mean, look, I know, I know all the dark deep secrets. Let's just tell them a little bit about yourself. You know, if I used one word, it'd have to be Superman, but that's already been taken. So let's just go with a few more words. Um , like you said, I've done a lot of integrations. I've I do a lot now. I'm really , uh , a boots on the ground person that gets engaged in business, assesses it, figures out what's going on with, it looks where we need to make improvements, make those improvements and then train people and move on. Um, so I spend a lot of time from the due diligence side, even if it's not far a sale, but getting into a company and understanding it with the hopes of a lot of owners would tell me in the past that I knew their business better than they did, but it's only because I looked at every little piece and they rely on other people just to look at those pieces. So , um, I did that for years and now I do it for a lot of private equity firms.

Tom Bronson: 2:57

Awesome, awesome. That is so important. And you bring up an excellent point there, you know, business owners who have delegated things , um, uh, sorta sometimes lose track of those things. And so they meet occasionally someone like you and, and that's of course what we do at mastery partners as well , uh, to , to kind of uncover those things , uh , to make those improvements. So, so what is your background and why did you get so heavily involved in mergers and acquisition ?

John Gorbutt: 3:25

Boy that's, you know, my background was really more operational, but I really like to understand a business from start to finish. And you know, when my company in years got acquired years ago , um, I started helping the acquire with operations, but then realized, Hey, I can, I can really get in and make a difference across the board. And I don't like to just do that one widget thing. So, you know, getting into the due diligence side of it allowed me to look at the accounting side, look at the operational side regulatory side sales sides and just dig in and understand, you know, all companies are basically the same from a sales gross profit expenses and hopefully money at the bottom line, but they all have such intricacies that make them so unique. So I like getting in there and figuring out what those are, what makes that company unique? Can it be duplicated? How do we measure it? You know, it's really key and making sure people understand their business,

Tom Bronson: 4:36

That's a , that is brain cause it's, I mean, it's all about the details, right? And , and you are so right. You know, as I, as I talk with , uh , prospective clients, regardless of what their industry is, and I know you've worked in many, many industries , uh, through the years , uh, I always say you can put a business every business in America, you can put it into a box. And at the top of that box is what they do. Let's call it 15%, whether they're, whether they're a bank or a restaurant or, or , uh, a manufacturing company, this is what they do underneath that. The 85% that makes the business hum. It all businesses look the same. Now, now they may have nuance to the process, but it's all about sales and marketing and operations and finance and , and, and planning and all of that stuff. And that's really where we get into the weeds. I tell folks, we're never going to be an expert at that top 15%. This is where we can really impact your business. Do you agree with that?

John Gorbutt: 5:37

Definitely because not only, you know, once you start digging into that, and then from years of experience with other companies, other industries, now we have things to benchmark off of that you might, somebody might go , well , I think I'm doing great here. I'm like, yeah, you're doing great, but you actually could do better. And here's some things that other companies, so you can bring in things . Most business owners don't have time to go sit with people and say, Hey, how are you , uh , processing this? Or , you know, what kind of controls do you have in place? They're too busy with day to day. And so we can go in and analyze that and do look at that kind of stuff and then create new processes and show them how to just make tweaks, to make life a little better and more profitable. Maybe make some profit happen, not by accident.

Tom Bronson: 6:26

Now , there you go. I mean, that's , you're , you're bang on. As I used to say in the restaurant business, you know, if the owner is the guy that stirring the sauce all day, making the sauce and stirring the sauce, he doesn't take time to step back and really work on his business. And that's the kind of things that you're talking about before we jump into some of the improvements that , uh, that we, that, that you can make or things that you can see in a business. I wanted to talk about , um, when a business actually makes that transition, if they sell to a third party or even sell internally to two family or, or management teams , uh, they go through a process called due diligence. Uh, and , uh , so , uh, can you give our listeners and viewers a little insight into what is due diligence, no due diligence.

John Gorbutt: 7:23

Most , some people think it's a tooth extraction, but it's not it's okay . Root canal is what it is without any Novacane in my opinion, but I'll let you make really going through and looking over every aspect of your business, you can get into the legal side to make sure that , um, maybe you had a partner one time and you guys split, but that guy never signed his final piece of paper I've had that happen. And all of a sudden it changes when you're trying to sell your business. So it's going through and looking at credit , whether or not you've got liens clear and just the whole business aspect , um, and your employees, are there any potential risks there? So it's due diligence goes into every aspect of the business from finance operations to HR. Um, you know, I have a list probably about 170 580 questions that I go in and ask. And some of them are unique to certain industries, but most of them are across the board and they are designed and , and we've got the same kind of package, you know , in mastery to bring out areas of concern that, you know, whoever's going to be buying the company. If they find them . Now it's a bigger issue. So let's address them ahead of time. So we know what's there. If we need to spend some time to fix it before you sell it, let's do that. So that's, I due diligence is Just key to get in and start looking at, instead of putting yourself on the market and then finding out, Oh, I'm going to take a hit because I gotta fix this problem.

Tom Bronson: 9:06

Well, so , so you brought up a couple of great points there. Uh, the, our transition readiness assessment, which we do at mastery is sort of a due diligence list on steroids. It's about 500 questions that we went through to make sure that things are done properly because you really want to do that in advance because , uh , we joke about due diligence being a tooth extraction or whatnot, it's sometimes can be a dumpster fire. Uh , it really can be. And I know you've seen situations where it is that you uncover things that you just don't expect. Uh, during that due diligence, the business is not prepared to produce those documents. Uh, I don't want to waylay this because we're going to talk about this on our live webinar coming up on Thursday. Uh, but , uh, but it's , um, as I put it, most business owners, you know, selling a business is a once in a lifetime event for most business owners.

John Gorbutt: 10:03

Most people haven't been involved in as many transactions that you and I have, and I I've lost count for you. I know I've done a hundred transactions, you've got it . Right. And so , um, uh, but , uh, a lot of times during an acquisition due diligence is where the wheels come off and where even though you've agreed to a price, you've agreed to how you're going to do this during due diligence. That's where the whole thing falls apart and the sale never actually transpires. I say, and I'll catch a lot of flag , uh , from, from my friends that buy businesses , uh, about this and are in private equity and venture capital. But due diligence is designed to lower the price , uh, and because they find things that they don't expect. And so the point is, is the more that you're prepared and the more you disclose in the beginning, you can reduce the chance of those things happening. So , uh, enough about , uh , due diligence. Okay . So let's get into some of the nuts and bolts, as you already know, when we first engaged with a client, one of the first things we ask is whether or not their corporate records are up to date, why is that so important for a business that wants to eventually transition? Well, the real key Once they, once they go to transition, they're going to have people come in and look legal people coming in and making sure that everything's all the T's are crossed and the I's are dotted, but they're going to go through all those paperwork and make sure that the company doesn't have any outstanding liens. They don't have any regulatory filings that haven't been done, that all the shareholders, you understand who the shareholders are, What their , their voices. I worked a deal at one time where we got all way to the closing, and there were four family members and two were involved in the business to work. And two that weren't had no idea that this was being sold and they stopped it. So making sure that you've got all that sharehold again and seeing everybody's walking the same way of everything's properly filed , um , there's no open loops there just because you run it all the time and you think, Oh, I'm gonna sell this and make a million and I'll give half a million to my sister. She's going to be fine with it. She might not be fine with it. She was kind of used to getting that check every year. So making sure all that shareholder pieces tied up is very big.

Tom Bronson: 12:35

Yeah, too well. So, so , uh, in the, in the times that we were doing acquisitions and we did many , uh, together , uh, and , uh, and some that , uh, that I did another businesses, one of the first things that I would look at during due diligence was the corporate records. I want to know, first of all, and, and to me, if all the records are in order and it looked clean, that was a clue that we were going to have a really good clean due diligence. And if they were a mess, that was a clue that I needed to dig really deep here. Does that make sense to you? Does that, is that something that you think about as well?

John Gorbutt: 13:11

Oh, yeah. I mean, if, if they haven't been having, you know, shareholder meetings, recording notes, where they're talking about what's going on in the growth of the company , um, that's a sign that, you know , they're busy taking care of customers, but they might not be taking care of the company, you know ? And so that is a definite sign to that's. One of the first things is to go in and look at the corporate structure and look at all the records and just what's going on there. And what's has how's it been taken care of?

Tom Bronson: 13:44

Well, and just to be clear , uh , not every kind of corporate structure requires a book, right. You know, the big corporate book with the seal and all that. But some do, but even though for example, an LLC is not required to keep , uh, annual , um, shareholder minutes or board minutes. Um, it's just good practice. Right. Um, I think it's good practice. And I, and I really worked to tell our clients, even though it's not required as a legal mandate, it's probably a good idea to keep those things. Do you agree with that?

John Gorbutt: 14:18

I agree because, I mean, it shows if you're taking the time to look at your business, it's only once a year. Um , cause it's hard business just gets away from you taking care of the customer and that's you think that's , that's the right thing and it is, but at the same time, if you're not looking at your business and understanding where it's been and where you want to go and kind of documenting that process, which is just, you know, we'll probably talk a little about that because that's just everything being undocumented makes so much easier as you go through due diligence and go through a sale. Um , but I think that's, it's necessary. Like you said, it's not always legal requirement, but if people are doing that, they're understanding their business a little better.

Tom Bronson: 15:06

Right? Exactly. Exactly. And of course, yeah . I folks that realize that they don't have to have that, then I'll ask another follow up question. Something like, where do you keep your corporate resolutions? And almost always, they say, well, I don't have any corporate resolutions. And so I'll ask, Hey, do you have a loan at the bank? Do you have a line of credit at the bank? Yes, I do. Well in the documents that you signed, there was a corporate resolution that should be a part of your minutes. Every bank on the planet requires a corporate resolution authorizing the company to borrow the funds. And so, so even if you have those, that's, that's something that needs to be to , to keep your record book , uh , up to date. Uh , always you can always go back and recreate this, but I can tell you , uh, in many businesses, I mean, it's many, many, many hours of trying to gather and put this stuff. It's just better to have a process to keep all of that stuff in place at the beginning. Yeah, exactly. So what do you think about identifying and tracking KPIs are for our listeners key performance indicators or key operating metrics on a daily or weekly basis?

John Gorbutt: 16:18

You know , I , I think it's a lot like , uh , people say that, you know, if you don't have a map and path to get someplace and then travel all over and maybe never get there, you're in place. And the KPI's , you know, working on , like I said, I work a lot with private equity firms and they tend to live and die by KPIs. And so they're measuring all the time and, and you can measure to the point where you just, all you're doing is making measurements or you're taking too long to get the results and everything's passed. So for a company to set up some key performance indicators that they can collect the data easily and they can track it and trend it. So then they can see, Oh, wait a minute. Every , uh, in the fall, I'm always a little, you know, I have run more overtime because too many people are taking vacation during this time. And my orders are really high, but you can start doing some analysis. So, you know , operationally, you can, you know, you can look at , um , labor costs , uh , for putting out a product. You can look at the material costs to put a product per hour , um , look at fill rates, customer complaints, but tracking those KPIs and then executing on them is really key. You can't wait two months to get performance indicators and then think you're going to change anything. Um, there's key ones. You can look NHR , there's finance ones. You can look at, you know , the standards are like, you know, your days sales outstanding your day is as your payloads are out, but how long does it take you to cash conversion? A lot of small companies need to be looking at that. Otherwise, you know , if they don't have a big bank line, they can always pull from things are tight. Well, then you need to understand that cash conversion metric , and how quickly does your money turn into cash. And so you can, can stay afloat. So I think there's a number of things. Like I said, you don't want to get overwhelmed with too many, but there's a few and kind of each function of the business that are really key to look

Tom Bronson: 18:29

As you, as you already know. And in our businesses, we always set up KPIs by department. What were our support numbers? You know, how quickly were we answering and resolving calls , uh, and, and sales, you know, what is our conversion rate of leads converting to sales and marketing? What was our conversion rate of, of marketing leads that convert into opportunities? Of course, then it goes over to sales. How many , uh, how many leads do we get at a, at a trade show? I really think that KPIs are something that you can set up in every single department. But then again, as the business owner, I think you pick the two or three of each of those departments and you probably then have a dozen KPIs that you're looking at on a, on a weekly basis to see what's going on and underneath that maybe the department is measuring other things. And so if you see a change in the KPI, if it normally has this and suddenly it goes to this, then perhaps you have more detail underneath that. But, but , um, you know, a lot of business owners will set up KPIs, but then not tracking them and not paying any attention to them out. We can't, we just review those at year end. Does that make any sense to you?

John Gorbutt: 19:50

I'd see it all the time, You know , the track and they'll be like, Oh yeah , they're over here. And I'm like, if you look, you see the spike here, did you see that? And they're like, well, really look at it . And so they need me to look at it and they need to be thought about as a forecasting going forward. So if you're going to suddenly think you're going to increase sales, What do I think my ratios should be with those increased sales now, how does that affect them? Or if you change a major product mix , um, those kind of help keep you on line. And some , all of a sudden when you get at the end of that month, you know, what you were expecting to get and then what showed up. So it's, again, it gets back to a lot of there's a lot going on, but if you get that down to an unlimited number that, you know, it gets published out daily, weekly, however, you can capture that information. Um, And you just take some minute to glance at it, first thing in the morning, you know, okay, there's ran good yesterday. You know , thing hasn't been good for this week. It will make a world of difference in uncovering problems early.

Tom Bronson: 21:00

Oh yeah, yeah, absolutely. So, so at bare minimum , um , but I recommend that businesses set up KPIs and finance . I mean, cause that's where the money is. Right. Uh, and, and so you ticked off a few. Let's, let's just name a couple of , one of my favorites is cash on hand. I want to know what's the cash in the bank. Right. But then that impacts that you mentioned AR and AP, how do you, what , what would be some good KPIs for those?

John Gorbutt: 21:27

Days Sales outstanding days, payables outstanding. So then you're going to start seeing whether or not your payables are lagging because you've got people off paying, but they might not be paying as fast as you think the pain . Cause you're not looking at every single invoice. Uh , you might be looking at inventory days, inventory values that are on hand. Uh, if you're a manufacturing company it's really key to start looking at, you know, labor productivity , say tutor , processing, any type of food or something. What's the labor dollars going into each panel . What's overtime dollars material costs. Uh , those are big to see if something's happening in your process. That's suddenly causing more labor to go in , um , degenerate out the same amount of product at the end of the loan . So you might be selling it, but you're putting in a lot more costs . So those are going to show you those things. Um , and of course with sales, you're looking at gross profit overall cost and sales by category.

Tom Bronson: 22:37

And um, Oh yeah, there's, there's, there's a million of them to choose from. But I think the, maybe the key is for , for you to go through, we go through a process of mastery , uh, to, to help identify what are those key things that when they move, it impacts the business either positive or negative. You know, if you have a spike in sales, it may be good. But if you don't realize that that spike in sales and maybe that impacts the cash, are we thinking down the line to production, do we need, do we have enough capacity to meet this spike in sales? So those are the kinds of things that we try to walk through and help our clients understand. That's wait . In fact, we're going to talk about that when we do our live webinar , um, uh , later this week , uh, from when this podcast is published. So we're talking with John Gorbutt, we're having a good ,

Announcer : 23:31

Let's take a quick break back in 30 seconds, mastery partners, equips business owners to maximize business value so they can transition on their own terms. Using our fourstep. We start with a snapshot of where your business is today. Then we help you understand where you want to be and design a custom strategy to get you there . Next, you execute that strategy with the help of our amazing resource network. And ultimately we help you 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. Now is the time get started today by checking us out at mastery partners.com or email us at info@masterypartners.com.

Tom Bronson: 24:23

We are back to John Gorbutt, principal and partner here at mastery partners. And we're talking about a topic Talking about maximizing business value and operations and finance, and we wandered all over the place in the first half . So , uh, so , uh, we did a podcast , uh , here at , uh, maximize business value a couple of weeks ago with Sharlene Aldridge and Todd Hunter with Aldridge Kerr , where we talked about the value of documenting processes. So can you tell us, John, from your perspective, why every business should do that and kind of what are the benefits from having documented processes?

John Gorbutt: 25:07

There's, there's a couple of pieces. I mean, you have employees, t he great employees, they're doing things along the way, or are your CFO, u m, i s God has processes in place and then suddenly he leaves, well, if you don't have basic processes down Pat to follow up, all of a sudden whoever comes in, they'll eventually figure it out. Y ou recently did a job. Why I stepped in and he left me in two or three things. And I found out that there were two or 300 things, but, and there's a lot of things that he had had the job five, six years. So he just naturally did him . Nothing was documented. And what happens is you won't even know you're missing it until something goes awry. All of a sudden you get a phone call. It's like, Hey, you haven't submitted this record or you haven't filed. It's like, heck I didn't even know we did that. Um, and so then you go back and you're like, Oh yeah, that's , I'm not back there. But if you had documented things along the way for all the various functions, now you don't have to be ISO certified Genos to that level of documentation, but processes along the way just to say, Hey, here's how we do everything. Here's what we do. I typically, when I go into an organization, one of the first things I like to do is a basic process flow that says, how does an order come in? How does it get out and take me through the steps and who integrates? And then I lay it out and I can't tell you the number of times, I've put it in front of an owner. And they're like, Oh, I've never thought about it this way. Oh, look at these places where they intersect. And I'm like, right, that's the ones we gotta be concerned about where things intersect and where's the dependencies. Um , and they don't look at it once you see it on paper, a lot of things pop out and show you things to think about. Yeah,

Tom Bronson: 27:12

Yeah, for sure. You know, and , and you think about really in any business, there could be hundreds and hundreds of processes and it might be a worthwhile exercise to do most of those. But I really think that every business owner should go through an exercise to identify what are the critical processes , uh, of, of how ma how money flows in . You gotta have processes around money, right? I'm I never cease to be amazed at , uh, at business owners that have no process for when checks come in the door and what happens next. And I'll bet you and I have a similar story on that. Uh, when a business was sold , um, and the operations manager set up a new bank account, you remember those good old days, that's a story for another time. But , uh, but , uh, but you don't, I mean, you know, it's , it can be a daunting task to set out and do all of your processes, pick the critical ones. What gets product out the door? How does product, how does product move through? How does cash convert into product, you know, and things like that. And, and you should really go through a process to identify those. And then, and then relentlessly tick them off. If you sat down to document all of your processes and nothing's documented at all, I mean, it could take, it could be overwhelming. In fact, it could prevent you from doing it. But in that example that you just gave where you walked in, stepped into the shoes of a CFO and only two or three things were documented. I mean, how much effort did it take to actually get to the bottom of , of the abyss?

John Gorbutt: 28:51

Oh, it took months literally to find everything. And then along the way we would find where something didn't happen and we'd be like, well, who does that? And they'd be like, well, Bob does that. Nobody else knows how to do it. Oh, no, mom's ready to retire. I mean, if Bob leaves the who's going to do it. So it's finding those things. So then we're like, okay, well, let's get this cross trained with somebody else. Let's make sure that other people understand how to do this and documented . So that at least there's something there, that's a baseline that you can go from, start from, yeah .

Tom Bronson: 29:32

Documented the processes . It makes cross training a little bit easier. I'm glad you brought that up because I'm a firm believer that you should cross train everybody. I mean, everybody should be able to do some other folks jobs. And that includes the functions of the owner. If the owner does something exclusively, man, you, you, if, even if you don't want somebody else to do those things, I think that the owners should spend the time to really document those so that if something happens, somebody else could do. And what do you think about,

John Gorbutt: 30:04

Oh, I think it's key because who would have thought we'd have this COVID world that we have now. And all of a sudden I have a person that does something are the owner and I'm have to go out and isolate, you know, and I can call, but it's still not the same. Or if I get sick, you're not up to calling. And without doing some cross training, all of a sudden you can find yourself really, really shorthanded . Um , and I think in today's world, it's even more important to cross train. You know , we do have the availability of conference calls and video calls, but assuming people are available to do that, but that cross training just makes it so much easier. Somebody else can step in and help out and lend a hand. Somebody is out for a few days, or

Tom Bronson: 30:56

I have a great example of that. Uh, I've got , uh , a client that's , uh , that's older , uh, but also in a risk category for COVID , uh, who , uh, was the keeper of , uh , at least a dozen or so things that nobody else knew how to do. And I have been encouraging and encouraging them to let's teach somebody else how to do those things. And then when COVID hit and this business owner could not come back to the business because they were in a risk category and didn't want to be exposed. It forced them into having to teach somebody how to do this stuff over the phone. It was difficult and laborsome to do it, but now it's all documented. Hallelujah. Right? So there's a side benefit to doing that. Um, um, let's talk about some of our listeners , uh, maintain inventory in their business. And that's an area where I think too many businesses get a little bit lax. How frequently should they be doing inventory cycle counts? And , and why what's the benefit of doing that?

John Gorbutt: 32:04

You know , I guess the benefits multifold one, you don't catch yourself, your inventory finished goods, and you also have your raw product. So you don't want to catch yourself thinking you can make a sale. We're promising the customer and it's really not there. Cause somebody's miscounting somebody somewhere along the way the workers got off and customer calls in as a good customer and he wants this. You're like, yeah, I've got it. And now you go back out and find out you don't, and it's a three week lead time. That's building some bad relationship , same with getting product in. You think you can run a , run your lines, but you don't have enough. And all of a sudden you might stop. And now you're , you got employees that aren't working and machines aren't running. So I think inventory absolutely have to do a full inventory on an annual basis, but depending upon the volatility and how tight you run, if you run an adjusting time, well, then you might be wanting to cycle count every week pieces. You know, this product be done these ingredients this week or this finished goods this week. And so that at least every month, you've made your way through a warehouse and just do pieces at a time. That's a lot easier to chew than shutting things down because some companies do inventory without shutting down. And that's just a bad inventory because no matter how hard you try things are going to get missed and it is going to show up in adjustments and you might get a big swing one month and swing the other direction in the next month. So I think cycle counting is a great way to accomplish it and do it in small pieces. Guys can come in. If they're just counting a couple of racks and figure out what's there and then cheer up . And then, you know , I like doing them at least a quarterly , um , inventory, but a lot of it so much how much inventory they have and how much, how much it turns and how tight they run. You know , if they've got enough safety stock that they can go for weeks, then that's one thing. But most people don't think it's huge.

Tom Bronson: 34:29

And the smaller, the big businesses have ways of electronically tracking that stuff and smaller the business, the more they let that go. And, and it really messes up your balance sheet, right? Um, many times you come in and I'll look it up at a balance sheet and there'll be, you know, $200,000 in inventory and okay, show me, you know , where is that? Uh, and it's stuff that's, that's either obsolete or no good. And, and it just, it really can impact longterm value of the business. So it's really important to keep up with , uh, with inventory.

John Gorbutt: 35:04

So, and it can also affect, you know, a lot of people have loans and they then they're borrowing on their inventory. And so if that's inaccurate, you're misrepresenting to your bank. And so if a paint , which typically they have the right to come in and run an inventory and suddenly find that even Lending you inventory on inventory, that's not there, which I've seen an inventory that's not usable. Now you might find yourself in a financial crunch because suddenly your loan changes,

Tom Bronson: 35:33

I think , yeah , if you have a line, if you have a line of credit , uh , you typically Might have to submit a borrowing base certificate on a routine basis. And so they want to know, and by the way, when you sign those, that is a legal agreement. And if you signed it knowing full well that it's wrong , uh , they could pull your line from you that breaks your bank covenants. And so it's super, super important to do that. We've, we've kind of wondered all over the place , uh , in operations here today. And it's been a lot of fun, but I do have one last question for you. This podcast is what's that last question? I, yeah, here we go. Actually, I might have one more after that too, because you know, I always have a surprise question. Uh , but this podcast is all about maximizing business value. And I know John you've been in so many different kinds of businesses, even businesses that I know about. I know that you've been in many more than I don't know anything about. So what is the one most important thing you recommend business owners do to build longterm sustainable value in their business?

John Gorbutt: 36:42

Narrowing it down to one. You know, I , I think getting in, you know, we talked about diligence and understanding of business, but getting in and understanding what you're selling and what it costs. And it might be, you might have 20 items, but look at each of those and understand, okay, what do I make off of this? Because what happened tends to happen? I see it, a lot companies have favorite customers and the customer says, well , can you do this? Can you do this? Can you make this do formula? And all of a sudden a company is producing something, selling a lot of it, not making any money off it, in some cases they're losing money. So I think truly going in and understanding how you make your money off of what you make your money on is a key in maximizing the value of your business.

Tom Bronson: 37:37

Well, that's that that's bright that just stands right on its own. You shocked me, you know, you can't put something smart , uh, that all kidding aside, that is so important to know where and how you make your money. And so many businesses can't articulate that , uh, because financial statements don't reveal it , uh , just let that one hanging in the air there. I mean, that's figure out how you make your money and where you make your money. That's totally brilliant. Um, but as you might imagine for our listeners, they all know this. Um, you get a bonus question too , and I'll be interested to hear what you say since I've known you for so long. What personality trait has gotten you into the most trouble over the years?

John Gorbutt: 38:24

Well, my first would say my charming personality, but we don't go down that route. Um, probably the , the personality .

Tom Bronson: 38:31

I agree by the way that your charm could have, may have gotten you in trouble through the years.

John Gorbutt: 38:37

I would probably say that I'm , I'm not a very, I'm not good at playing politics in an organization. I am all about executing and results. So I don't like to play a game and give people answers. They want or sound bits that they want to hear. Um , I wanna make sure that things are correct and we're executing. They're getting the results they want, and we're not stringing people line , give them information. It's not necessarily right. You know , um, there's so many places you get into and people don't want to report results and they want to report good results. They don't want to report results. Um, and sometimes the news isn't good. And so it's a lot better to give the news and say, here's what's happening. And here's what we've got to go do to fix this . And here's what caused it then to say, Oh , I'll put this back and I probably can fix that next month or something. So , um , I'm very much a , here it is. And it might not like it, but it's, it's real ,

Tom Bronson: 39:54

As I always say, you know, throw the dead cat on the table. Cause once you'll , once it's there, you gotta deal with it. Right. Uh, that's a , that's Brian and you're , that's a, that is a great answer to that. I can, I can tell you multiple times , uh, where you and I would get crossways because we worked for a publicly traded company that no longer exists , uh, that , uh, that they were looking for for Rosie news. And we were the bearers of the reality of many times. And so I can actually suddenly the rush of memories of us getting in trouble

, uh, and a couple of those instances. So , uh, thanks for pointing out another one of my character flaws. How can our viewers and listeners get in touch with you?

John Gorbutt: 40:37

Well , um, you know, they can obviously reach me through , um , mastery partners or, they can email me at John.GorbuttGroup@outlook.com So it's GOR, BU T T G R O U P at outlook .com . So it's john. grobuttgroup@outlook .com .

Tom Bronson: 40:57

Awesome. Thank you, John. This has been a lot of fun, more fun than, than we should have been able to have today, but thanks for coming and being our guest.

John Gorbutt: 41:05

Thanks. So you can find it ,

Tom Bronson: 41:07

John, at our website , uh, instead of this , uh , you know, real life , uh, photograph we've got caricatures and he looks better , uh , I think on the caricature, just like me , uh , than we do in real life. So you can find John on our website or on LinkedIn, of course you can go to the garbage group. Uh , but if you, if you really want to reach out to John , uh, reach out to me and I will connect you directly with him. So this is 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 and be sure to comment. We love comments and we respond to all of them. So until next time, I'm Tom Bronson reminding you to focus on the details while you maximize business.

Announcer : 42:06

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Speaker 4: 42:52

I wouldn't make any changes on that.