



## MAXIMIZE BUSINESS VALUE PODCAST - EPISODE 73 Transcript

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 CEO of mastery partners, Tom Bronson.

Tom Bronson (36s):

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

Tom Bronson (1m 19s):

In this episode, I'd like to welcome our guests, Mike and Nikole Rose. They're founders of mojo media labs. I've known Mike and Nikole for many years, I think first through church. And, but we've grown quite close to them over the last several years, professionally I'm in a peer group with each of them. Interestingly enough, separately, Mike is a member of my forum at business navigators, the servant leadership organization. You hear me talk about frequently and Nikole is a member of my Vistage trusted advisor group several years ago, Mike and Nikole ow owned a specialty

advertising business called marketing candy that provided specialty items to large and small businesses.

Tom Bronson (2m 1s):

They successfully exited that business. I believe in 2017, putting them firmly in the 17% club. So welcome to maximize business value, Nikole and Mike. So good to have you guys with me and, and we're going to have a lot of fun today. So tell us about marketing candy.

Mike Rose (2m 25s):

Sure. Would you like me to go or

Nikole Rose (2m 30s):

I'll go. So, so this is

Tom Bronson (2m 32s):

An interesting podcast since we've never really had like two guests. Normally, if we do, I'll ask one or the other, how about Nikole? Tell us about marketing candy.

Nikole Rose (2m 45s):

So, so pretty straightforward marketing CA candy was a, a company that provided promotional products and print solutions to, to companies. We typically worked with larger, a larger companies that, you know, kind of more bolt by purchases needs for online company stores, things of that nature. It was, it was a decent business. Mike actually started the business as an embroidery business back in what was it, Mike? 97, 97. And that business evolved a lot, you know, through the years, but ultimately that little embroidery business, which he started in his parents' dog shed and their back yard with one embroidery head turned into, you know, a seven-figure business, working with some pretty strong clients.

Nikole Rose (3m 36s):

So

Tom Bronson (3m 37s):

Things like things like this cup, like my mastery partner's cups stuff, shirts,

Mike Rose (3m 43s):

All the eye candy as we labeled marketing candy.

Nikole Rose (3m 47s):

Exactly.

Mike Rose (3m 49s):

We loved what we loved about that industry, the marketing candy, as we, as they became known almost like Kleenex, they, our clients would call us and want marketing candy. And what we loved about that industry is that everybody in the organization, even enterprise level from CEO down love to get their hands on the product. They love to see their logo on merchandise. And it's still, I believe today after being in digital marketing for almost 10 years is still the highest cost per annum. The lowest cost per impression that you can possibly get to put your brand out there. Oh my gosh. You

Tom Bronson (4m 27s):

Know, I, I will tell you that when I worked for a publicly traded company PSS world medical back in Jacksonville, Florida, you know, we had three divisions or four divisions. Every division is buying some kind of chotchkie and you know, shirts and stuff. I always said that I, that I never needed to shop again because all of my clothes were provided by diagnostic imaging. And we probably spent \$10 million a year collectively on all kinds of stuff that we were given out at trade shows to our different. I wish that I'd known you guys back then, because if I had introduced you to, to, to PSS world medical, Mike, you may have had a different exit than that.

Tom Bronson (5m 16s):

So let's talk about that exit strategy. Did you have an exit strategy or this particular transaction when you sold this business? Did that one sort of, as we say, fall in your lap,

Mike Rose (5m 30s):

A quick note on marketing candy on the previous question before the exit planning, and that is to answer your question, marketing candy or the beginning stages of what marketing candy was back in 97 was, had no intention to exit I mean, I probably couldn't spell exit in 1997 and I did it just because I, I, I was working in a biochemistry lab. I was in law school and then I was going to start this embroidery business. But the, the interesting thing is the reason why this business even came to be to begin with is there was a need and we could solve that need. And that need was in 97.

Mike Rose (6m 11s):

We were wearing shirts and ties in the lab and corporate casual just wasn't a thing yet. And I remember the first CEO of Alcon laboratories Ed show Meyer said that we would do three months of corporate casual in the summertime because of the heat. And I was fascinated by these very smart scientists, PhDs, and MIT and everything else. That they were getting what appeared to me, dressed in the dark every single morning. And they would walk in wearing this craziest of stuff because they were used to their lab coats, their white shirts and their ties. And I immediately saw a need in the marketplace that corporations are going to be going casual more and more if not completely converting to casual in the future.

Mike Rose (6m 60s):

Hence my love of golf and golf shirts. And then we just started putting corporate logos, embroidering corporate logos on golf shirts specifically, that was our niche. And it really took off and it took off because there was a need and we were solving a problem, which then led to, I think, what eventually just running a business that we just fell in love with.

Tom Bronson (7m 24s):

I mean, to me, that is like a normal trajectory for a, for a bio, a chemist or a bio engineer to go to law school to then start an embroidery business. And of course now in a, in a digital marketing, that seems to me like a very logical career progression. So

Mike Rose (7m 42s):

If you think of 97 with that extreme focus, and I say that with a w w with jokingly, of course, that I had exit strategy in mind. My mom was my bookkeeper and she would say,

Hey, listen, you're invoicing all this stuff. Where's, where's the money, where's the checks. And I said, I don't know. And I said, go check the floorboard of my truck. And she would literally go out to the floorboard on my fucking pull out 10, \$10,000 checks that I would collect from, from, from clients. So exit strategy, wasn't in mind, valuation, wasn't in mind, profit wasn't in mind. I was just super, super passionate to do what I did. I loved doing it. I loved doing the production.

Mike Rose (8m 24s):

I love talking to clients. And I think that is in retrospect, more exciting than starting with valuation. In mind, we started with passion, we started solving a need and that turned into value. That

Tom Bronson (8m 37s):

Tells me a lot about who you are today.

Nikole Rose (8m 43s):

I didn't know the difference between the top and the bottom line. That's why we're good. We're complimentary.

Mike Rose (8m 49s):

Yes, that is exactly right. So I figured

Tom Bronson (8m 54s):

It out, but you know, you're, you're like most business owners, you don't really think about exit strategy. I'm probably the only guy on the planet that, that never gets into a business. As our audience already knows I've done a hundred transactions as buyer or seller, but I never get into a business without first considering where my exit strategy and that even started when I was, you know, in my, in my early twenties, starting my first business. And cause it was great advice that I'd gotten from somebody you're like 99.9, 9% of business owners. You don't think about the exit strategy from the beginning, but as the business evolved then, and as we progressed towards, you know, your, your, I guess you were in that business for almost 20 years, right?

Tom Bronson (9m 42s):

As the business evolved, were you intentional about developing an exit strategy or again, did this transaction fall into your lap? And I'll ask that question to Mike.

Mike Rose (9m 54s):

We were not intentional on an exit strategy or most importantly in regrettably, not really focused on value creation, right. We weren't really focusing on the 500 metrics, you know, and I say that endearingly, that quite frankly, business owners should focus on to create value. When I think you focus on that, you're you really learn to, you learn how to say yes and you learn how to protect your, your, your, your nose. And, and that is a value creation process in and of itself because early on we say yes to everything in business.

Mike Rose (10m 35s):

And that I think is an owl, a value, a subtraction and not a value addition. So that said, no, absolutely not. But we did follow a passion. We were solving problems. We were creating enormous value on the soft side, in the sense of giving great customer service, delivering a great product following through, on our promises, over delivering on our values. And that by default led to value because of just how we liked to run a business.

Nikole Rose (11m 6s):

And if I could add to that, Tom, so it got to the point because we, we, this didn't also fall in our lap as well. Mike and I came to realization. So out of marketing candy actually came the business mojo media labs that we run today. And that was based on, you know, Mike's been talking about, you know, falling passion, delivering great service to our clients. And because of that, our clients started asking us to do things that were outside of promotional products and print, and naturally as great entrepreneurs, you know, we said yes, and then figure it out how to make it happen. So we started to see a separation of kind of service, a service business forming versus a product business.

Nikole Rose (11m 49s):

And so it was back in 2012 was really at the point to where, you know, mojo media labs was created kind of out of marketing candy. So we separated those business, created mojo media labs is that service business, which ultimately today really focuses on

digital marketing. So, you know, with that, we got to the point to where Mike was really running mojo media labs at the time I was running marketing candy. And it just became very, very clear that we needed to get a little bit more focused in terms of, you know, our time and our money and where we spent it. And so kind of, you know, the realization was, you know, wow, multimedia labs has a huge opportunity in the, in the digital space.

Nikole Rose (12m 35s):

And so we decided that, you know, we both should team up, you know, and, and joining on that company to really grow it. And the only way to do that was to then look at selling marketing candy. So that, that was the precipice of, you know, of why we did it. So that's a great decision,

Tom Bronson (12m 52s):

But this is a decision that you guys then made, you said, it's time. We probably start focusing on the digital marketing. And so in order to free up the time to do that, because we're only allocated so much time you needed to, to rid yourself of the other business. So what, what did you do next? Did you, did you go find a business broker? Did you, what, what, what did you do to start your process?

Mike Rose (13m 17s):

Yeah, just prior to that, though, we tested the service-based business in 2007 and we quickly realized that, wow, you know, service-based businesses, Nikole said is very different, but when we started to experience the profit margins and the, the valuer, ultimately delivering our clients at a whole different level, we were like, this is the future. This is what we want to do service. It wasn't digital yet. It was branding, things like that, creative, et cetera, that gave us confidence. Like this is the next 10 years. This is what the next 10 years is gonna look like. So from 2007 to 17 is when we put kind of a pseudo plan together.

Mike Rose (14m 0s):

This was before we knew in 2017 ways before we knew Tom Bronson. But we, we, we said, okay, as soon as mojo media labs, let's dream for a minute. As soon as the mojo media labs gets to the point where we can earn our income, Nikole and I are married, we

have a family to support, et cetera. As soon as mojo can equal marketing candy and marketing candy was doing very well. We'll sell marketing candy. So we can to Nikole's point exclusively focus on building value the right way in a business, on a service side of mojo media labs. And that was a huge, I remember I remember the restaurant and the booth and the conversation that we had that day when we decided to do this in 2007.

Mike Rose (14m 43s):

And, and we did it, I mean, it was, it was, it was a quantum leap for us. We never thought, quite frankly, we could get there sitting in that booth, but we put the same passion and solve the same problems, similar problems in a new way.

Tom Bronson (14m 56s):

Do I have the timeline, right? You guys actually sold the business in 2017,

Nikole Rose (15m 1s):

16, 18, 16. Okay. Yeah. We just, we just passed our five-year anniversary of selling marketing candy. Yep. Okay.

Tom Bronson (15m 8s):

So, so which is good news, right? So, but yeah. So you made the decision in 2007 and you ultimately sold it in 16. That is nine years.

Mike Rose (15m 21s):

Yeah. All right.

Tom Bronson (15m 24s):

So once I knew that you probably I'm going to paraphrase here cause I want to get onto the, to the details and the story of how this all happened. The you started doing some work. What did you do next? I mean, did you, did you go find a broker? Did you start asking people if they wanted to buy the business? How did you go about it?

Nikole Rose (15m 45s):

Oh, we were so super strategic when we might,



Mike Rose (15m 48s):

All right. We, we put together this incredible plan and executed flawlessly. It was beautiful.

Nikole Rose (15m 56s):

Let's just say Mike had a guy he's known for a long time, you know, and, and that was the phone call we made. And that was the only call we made. And it was to it, it was a blessing. You take it from there, but yeah, that was a strategic as a God. Yeah. I,

Tom Bronson (16m 10s):

We're not going to give any names by the way of any of that stuff. We're just going to talk about the process. But yeah,

Mike Rose (16m 17s):

So I joined, I joined the entrepreneur organization, EO and the Dallas chapter for any businesses out there with a million more in revenue, you know, founder, majority shareholder, highly recommend on the entrepreneur organization. It didn't just help me build my business. It helped me develop myself as a leader, not the leader. I was with \$10,000 checks in the floorboard of my truck, but checks in the bank. Right. And, and that really was a pivotal moment for me. And in E O I got to meet some just extraordinary people. And one of the first people person I met Neo was a broker. And I said to him, you know, I'm going to sell my business.

Mike Rose (16m 58s):

You're going to sell my business one day and, and, and keep in mind, this is oh five. We, I didn't, I knew I wanted to sell just to know how so, but it, it started to evolve. And so we found a broker engaged him when we felt like the time is right. And he, I think did an extraordinary job. We knew a lot of the players in the industry, we've spoken to Colin. I have spoken to industry trade shows, et cetera, but he brought a buyer to the table that was probably the largest competitor in the industry that we had never heard of before. So it was, it's a very interesting industry, the ad specialty world, 20 plus billion dollar, your industry, and there's this so very fragmented.

Mike Rose (17m 40s):

And he brought this person to the table and it was this company to the table. And it was absolutely exhilarating. Nikole and I were jumping between conference rooms on calls with different buyers. And it was, and they saw the value we created not so much probably where we fell short, as it comes to client concentration and blah blah, and all these other things. But they did see the value we built in cultivating just extraordinary relationships with our clients. So did

Tom Bronson (18m 7s):

The, did the broker give you an advice from the very beginning on how to build long-term value to improve the value of the business? Or was this more of a transactional kind of relationship with

Nikole Rose (18m 22s):

Yeah, absolutely not. I mean, it was, it was, you know, we went to, you know, him and, you know, I guess rightfully so. And we said, okay, it's time. We're ready. So the conversation immediately went to, okay, this is, this is what it's, this is what it's probably worth. And, you know, we'll start the process. So there was zero conversation about that. We have learned a lot, which I'm sure we'll talk about here in this podcast, obviously since that, you know, wish we, would've known kind of, you know, to Mike's point initially about value creation. So, you know, but that's okay. We took a lot of those things and, you know, Hey

Tom Bronson (18m 56s):

Look for most entrepreneurs, this is a once in a lifetime opportunity. You know, you guys are in a new business now and you, you've learned from the things that you did right wrong or indifferent the first time. And you can take that forward. You know, it's very rare that you find somebody like me, who's done this a hundred times, right. Because as I, as I detailed in my book, you know, maximize business value, of course, you guys are big fans of my book. And Mike even

Nikole Rose (19m 20s):

Wrote, Mike even wrote

Tom Bronson (19m 22s):

The foreword for this book. Every mistake that, that I talk about in that book I've made. So, so it's not surprising that the first, you know, the first time out of the gate, that there might've been a few mistakes. So what do you remember the timeline you sold the business in 2016? Do you remember the timeline when you went to the broker and said, okay, it's time? Was that, was that in 2000 16, 15, 14? When

Mike Rose (19m 47s):

Was that? Gotcha.

Nikole Rose (19m 50s):

I don't remember details. Do you, I, I seem to recall that the process went fast, that it was just a few months, total that Mike you might've heard. Yeah. Yeah. I honestly,

Mike Rose (19m 57s):

I don't remember the details only because the, there was an interesting little twist in that, in that journey from when we decided, when we executed the agreement and the, the, I want to say it was 2015, I want to say this is about less than a year process. What happened was in early 2015, I want to say Q1, we made, we decided to quote unquote, put it on the market. So when we did that, we immediately found some really interesting buyers. And the process, as I'd mentioned, was exhilarating. We had multiple conversations going on, literally at the same time. This was when you were actually going to an office and meet with people.

Mike Rose (20m 39s):

And you remember those days and, and we were literally going between conference rooms in the same building. It was, it was, it was fascinating. It was very flattering. It was, it was just, it was everything you would hope for. We were able to get to terms on, on one that we felt was the ideal buyer, and this was now probably going to Q3. So I would say six months ish going through this process, then when it came down to it, they came down to the wire and this particular buyer was really adamant about closing on

the end of a quarter. So that was important. So we made the decision, I believe we decided on 12 30, 1 of 2015, and then one day my beautiful wife woke up and said, I don't want to do this.

Nikole Rose (21m 31s):

Yep. We, we had, we had LOI. Yeah. Yeah. And I,

Mike Rose (21m 37s):

We had beyond that, we had terms agreement in place beyond LOI, right?

Nikole Rose (21m 44s):

Yeah. It was running my readiness ready to sign LOI and, and yeah. And this was, you know,

Tom Bronson (21m 51s):

Was it an LOI or were you, you're already under LOI and this

Mike Rose (21m 55s):

Was her final documents, the final documents.

Nikole Rose (21m 58s):

Okay. No, no, no, no. We hadn't signed the LOI because we had come, we had come to terms, but we hadn't signed the LOI. So we hadn't gone through necessarily due diligence.

Tom Bronson (22m 7s):

So just for the benefit of the audience, let me just put the things in order real quick. You know, when you, when you go out to market, the first thing that you're going to probably sign between the buyer and the seller is a letter of intent. So many people don't pay attention to the details of the letter of intent. And that is in a giant mistake. You need to have your attorney and not just your real estate attorney, I just am working with a client on a deal. Now that's that fell apart because the attorney was a real estate attorney, get a business attorney, somebody who is a specialist in, in transitions and, and business

transactions to review that LOI, to make sure that all the terms are the way you want them.

Tom Bronson (22m 49s):

Once you have that, you go through the due diligence, there's probably adjustments that are going to be made. And then you get to what we call final documents. So this would be an asset purchase agreement or a stock purchase agreement that you get to at the end that takes this little LOI and expands it into this enormous, you know, sometimes the, I think the largest asset purchase agreement that, or it was a stock purchase agreement that I've signed was something on the order of 450 pages. And so, so don't be overwhelmed by that. You know, it was a very complex business, but so that's kind of the steps. You get the interest, you sign an LOI, which spells out the terms of the deal you go through due diligence, then you get to a final document.

Tom Bronson (23m 31s):

So we were at the LOI stage and Nikole had a, a moment of un-clarity.

Nikole Rose (23m 39s):

Yeah, it's interesting. You know, as you know, as I would say that, I feel like I'm an accidental entrepreneur. You know, Mike, Mike was the one who started the business, then, you know, I came into the business and then all of a sudden was now running marketing candy is, you know, he's running a mojo. And, you know, I, I, I never had those thoughts of selling or this, these visions, I just, you know, was excited about running the business. And I didn't realize kind of along the way, how much I kind of fell in love with the business, with the clients, you know, with, you know, the team members and how much it kind of became a part of me. And that was very surprising for me, just the emotional kind of roller coaster, you know, once it was like the finality of letting it go.

Nikole Rose (24m 25s):

So, you know, I had a renewed interest. I'm like, no, no, no, no, we can do it all. We can do it all. And I'm gonna, you know, continue pouring this. We can still grow mojo. Well, you can see where this is going, right. So we declined. We declined the offer, you know, with that reasoning that thank you, but we're going to keep going with it. And I mean, it

wasn't, but it wasn't, but maybe four or five months to where I, you know, we were back to the same place. And at that point then actually went back to the same person or same company who gave us the initial offer and said, okay, we're back if you'll still have us. We're, we're actually, we're I promise we're ready this time.

Nikole Rose (25m 7s):

It's not uncommon.

Tom Bronson (25m 8s):

You know, there's a great book. In fact, I just smelled a seller's journey by Denise Logan. And it talks through the psychological side of transacting a business. I, you know, I don't think I even knew that story guys. And I mean, we are very close, you know, Karen and I are very close with, with Mike and Nikole. And I don't think I ever actually knew that story if I did. I've sort of mentally blocked it. Cause, cause Mike, I think you show amazing restraint. I would've tied Karen up, gagged her and stuck her in the closet, signed the deal. And but now with it, right, and then she would have it because we have a story that was like that, that, that she didn't want to, and I convinced her to do it.

Tom Bronson (25m 49s):

But so, but Denise, Logan, it's a great podcast. It's just a few weeks prior to this podcast. So, so sellers, I would encourage you. If you're a business owner, please go listen to that podcast as well. Because as much as you think that that's not going to be you, when we get close to the end, I promise you even as experienced as I am. I have those moments of, I don't want to do this toward the end, but if you understand the psychology behind it, you can work your way through that. So I am so glad that you brought that story up. So you went back to the original buyer and did they, did they say, oh yeah, come on. Let's go.

Nikole Rose (26m 30s):

Thankfully they did go ahead and take it.

Mike Rose (26m 33s):

The sophisticated buyer. They have made many, many transactions. There are \$300 million company. And so very sophisticated buyer. The, the, the uniqueness about this, and this is maybe a caution to future sellers is that we created, we established a really good relationship leading up to before signing the LOI. So there was a lot of kind of pseudo due diligence done prior to LOI. So what I mean by that is what's traditionally done as you kind of negotiate high level terms, you know, and you'd go in and go into an LOI. You sign the LOI and due diligence takes place. But for us, we kind of had a love at first sight scenario with the buyer and the seller in that probably drew drag the LOI on a little bit longer than what typically would happen because we were both doing our due diligence.

Mike Rose (27m 28s):

If you will getting to know each other, we flew up to see them. They flew down to see us all this stuff. And, and that, that created that created a new emotional tie that made it probably a little bit more emotional than what it had to be. But through that, through that process, we established just a great relationship with the bot, with the, with the buyer and particularly the CEO of this very large company who is handling this deal personally. And I remember sitting in our small conference room at the time and I asked him, I said, Hey, tell me about your M and a experience. Tell me about this process, you know, and he goes, well, we have 60 million in the M and a pipeline and we closed so many.

Mike Rose (28m 9s):

I'm like, wow. I said, that's, that's just tremendous. I said, you know, I don't know what's going to happen with this deal, but if we ever, if I ever need you in the future, can I call you? And he said, here's my cell phone number. You text call me anytime. And we're skipping some time, which we'll get to it. But later when we were focusing on mojo and making our own acquisitions, I was able to text and call this guy and say deal terms. This is what they are. And the experience in, in, in mentoring and coaching, he gave us through some of our future transaction was just extraordinary. And that's just something, obviously you just can't value in an LOI. So therefore we did feel comfortable going back to them.

Mike Rose (28m 50s):

Many months later, they welcomed us with open arms and said, okay, let's make this happen. We went to LOI really fast and we got through the due diligence even faster. So that was pretty cool. All right. So

Tom Bronson (29m 1s):

Again, let me just give a cautionary note to our listeners that this is a very common experience. The buyers will spend a lot of time asking a lot of questions and it becomes a pseudo due diligence or a partial due diligence in advance. There's something to give a word of caution here. This one ended well for you guys, but nine times out of 10, that's not going to end well. And you're going to wind up spending six or eight months dancing with somebody that you're not going to close a transaction with. And it is enormously wasteful for your time. And it just, it takes away from focus on the business.

Tom Bronson (29m 42s):

So my caution is if, if you're a agent or you're a broker had been kind of performing the right way, he or she would have said, Hey, let's get to an LOI. Let's discover the terms, because if we're so far off base, there's no reason to go forward. Let's not waste all this time, dancing with somebody that we might now want to start dating. And so, so it's really important to, to get a professional who understands the process, who can walk you through it and keep you from spending time, because I can tell you that I've seen so many businesses, they've had, you know, five or six opportunities and they wind up going through so much wasted time of on pseudo due diligence before they even know if there's a possible deal, that it just as enormously distracting from the business.

Tom Bronson (30m 39s):

So I just wanted to make that as, as a note of caution. And one last question then on the, on the broker, did you find that the role that the broker played was that enormously helpful to you in the deal or not? Nikole asked you that question?

Nikole Rose (30m 59s):

I mean, it was helpful from a standpoint that he, you know, clearly had buyers to bring to us. So, you know, that's an obvious, some other things that he was helpful at doing was there were some complexities, like marketing candy was a DBA. We had, Mojo's a DBA.



So it got real messy, real fast with some of that stuff. And he really did help us to navigate, you know, how that, what that would look like to get us on the other side. And so I think he was able to, you know, to, to work out some interesting things and not kind of scare the buyer off. So from that standpoint, I would say, yes. Now some of the things that now, you know, to kind of your due diligence point, let me give you an example.

Nikole Rose (31m 40s):

And today, I don't know that I would do the same thing, but again, not kind of knowing, you know, there was an ask during due diligence, you know, for me to call up our largest customers and say, we are thinking about selling to this company and, you know, wanted to let you know, how do you feel about that? And, you know, the, the potential buyer wanted to meet with these, you know, clients face to face. I mean, the anxiety that I had to make those phone calls was it was honestly the most terrifying phone calls. Cause I'm like, what if, what if now they know, and they flip out or, you know, whatever else, thankfully it went, you know, it went okay, but that was risky clearly.

Nikole Rose (32m 22s):

And so I feel like there was, there was definitely some, I think that today, you know, if we were searching for some, you know, for help with, you know, with transitioning our business, we'd be looking for, you know, for a lot more guidance outside of just bringing the buyers and then, you know, the mechanics of it, if you will. Yeah. That's,

Tom Bronson (32m 40s):

That is, so that is what you described is enormously risky. And depending on when it is, there is no way that I would let you go and make that, make those calls, right. Unless we were like days away from the transaction. If, if the buyer thinks that that's part of due diligence, like you want to do your investigation, you can look at longevity, you can look at, at customer turnover, you can even do an NPS score to see how well you're doing, but having conversations with big customers and warning them weeks or months in advance, that is a giant no-no. And, and you could potentially be putting your business at risk.

Tom Bronson (33m 22s):

And so you were absolutely right to have that anxiety about making those calls. So let me, let me, Mike, you want to add something there?

Mike Rose (33m 32s):

I was just going to say that when you're asking the previous question about, did we, were we happy with the broker and should their broker have done certain things? You know, the way I look at it is whoever's representing the buyer, excuse me, whoever's representing the seller has to be clearly a professional. You it's easier to sell a sophisticated seller, but at the time of the three legs of this stool, buyer-seller broker the sellers. We were unsophisticated in the transaction process. So it's really difficult to say that the broker or the seller or the, excuse me, the broker or the buyer was, you know, X, Y, and Z.

Mike Rose (34m 12s):

We were, we were figuring it out emotionally going through this, having never gone through it before. So we were an unsophisticated seller. So I felt like the broker dealt with us really well and, and, and handled that incredibly positively and eliminated as much as possible.

Tom Bronson (34m 31s):

Even though we're not saying names here, I know your broker very professional. And so, so it is important to get a great broker or, or an investment banker. And they are not all cut from the same cloth. It is so important to go and find the right ones we're connected with the right people. So if you're a seller and you're looking, or you're thinking about selling, and you're looking for a broker, I can make recommendations there. And we know folks, we're going to have to take a quick break. This has been an, an entertaining first half, but we've got a second half coming. We're talking with Mike and Nikole Rose members of the 17% club. Let's take a quick break. We'll be back in 30

Announcer (35m 11s):

Seconds. If you want to be a 17% or two, of course you do. And we can help you get there. This fall mastery partners is on a mission to unmask the value of your business without incredible to the transition readiness assessment. But as we like to call it TRA in

a simple and complicated way, the tra unmasks where you are generating value in your business and where you aren't this comprehensive pinpoints, your hits and misses. You can focus on what's working and solve. What's not what you do today matters and will have a tremendous impact on the future value of your business. Get your tra today and be a 17% full to [masterypartners.com](http://masterypartners.com).

Announcer (35m 55s):

Schedule a call with Tom and join a tra challenge. Don't be deceived, I'm covered and know how to build massive value in your business.

Tom Bronson (36m 6s):

Back with Nikole and Mike Rose business owners who successfully sold their business marketing candy in 2016. So Mike, let's start with you on this back half. What did you learn going through the process that you did that you found maybe surprising or didn't know before? Wow. I have to be honest with you. We have a time limit, by the way.

Mike Rose (36m 31s):

I wasn't prepared for that question, to be honest with you. What did I learn? What I learned was this is a very emotional process and they say, Nikole has got a lot of experience in residential real estate. And I've learned a lot through her on this. And they, she says that selling or buying a house, you know, is an emotional buy. It's an emotional transaction. Then it makes sense, right? It's probably the largest transaction of most people and the biggest asset and whatnot. And you're going to live there for a long time. So buying and selling a, a, a business is very emotional and, and Mo some people are either emotional or logical on the scale. I'm very emotional.

Mike Rose (37m 13s):

Nikole is very logical. So what I learned is that to really stick to the facts, you know what I mean? And, and, you know, I sometimes would come across as don't confuse me with the facts, but in this case, the facts are really, really important. And to stick with the facts, to stay non-emotional and to not go into it with a what's in it, for me, what's in w w going into it was, how do I transfer loyalty? How do I transfer value to the buyer to make

them successful? Because the buyer is successful, the self-aware will be successful. I have a mentor who says, I go into every 50, 50 partnership delivering 90%.

Mike Rose (37m 55s):

And I like that mentality. I liked that thought process because the buyers feel that energy, they feel that you want to make this a win for them. And I think too many sellers go into this incredibly self-serving and that's okay. And I think that's fine. We have to be taken care of in the transaction, but at the same time, this is something that your value is going to come after the sale. In most cases, either at closing or sometime in the future, after the sale. So going into it, looking at the numbers, and if things go wrong, they come out of it, looking at the people. And I just want to make sure that the people involved in the transaction is, is very stand up people. And that, that, that, that, that is building that relationship for success.

Mike Rose (38m 40s):

Post-transaction, you know, you

Tom Bronson (38m 42s):

And I are, are almost identical on our culture index. And of course, we've talked about culture index on this podcast before. So I would encourage you to go back and listen, if you haven't, if you haven't heard that, but Mike and I, you could almost put ours over the top of one another, hold it up to the light. And we are the same person, right. You know, we, we were very driven where not particularly detail oriented, we're very emotional where our wives, and you could almost line them on, right. You know, they're very logical, they're detail oriented, they do this thing. So, so there's, those things kind of work together. But the reason I bring that up is because, you know, you said, take emotion out of it.

Tom Bronson (39m 23s):

It's numbers, right? Well, that's hard, you know, it's all about emotional intelligence. What we really try to do with our clients is prepare them for those things that we know that are coming, because at least in my own experience, if I know something emotional is coming at me, I am mentally prepared and kind of build up my reserves to be able to

prepare for that. But if, I don't know if I'm blindsided by something that happens, that's emotional.

Mike Rose (39m 55s):

You know, I don't even know

Tom Bronson (39m 56s):

What my reaction is going to be. In fact, it's sometimes very bad reaction and it shouldn't be that way. And so I would encourage folks who are listening to go back and listen to my podcast with Susan Steinbrecker we talk about emotional intelligence. She's got an awesome book out about that. And so I would encourage you to go do that, but it's easier said than done, easier to do. If you are mentally prepared for the things that the emotional hurdles that you're going to have to overcome, Nikole, same question to you. What did you learn going through this process?

Nikole Rose (40m 34s):

So I think I was pretty, pretty naive and, you know, a bit vulnerable just because we were so unsophisticated going through this and, you know, looking back, I think we put way too much at risk in, you know, kind of like how we structured the deal and just trusted, you know, that it would all work out. And unfortunately, when we, the way that we exited the business, of course, we had an LOI the first time that we did not sign how this company was going to manage. It was, there was going to be someone, you know, at their company who was going to be managing a book of business. So we felt very comfortable in that first LOI with who would be managing that book of business.

Nikole Rose (41m 17s):

And I felt like we got to know them fairly well. When we went back to the company, that person was not available, they already had enough, they already had a lot of business. So there was another person brought to the table who would be managing that portfolio of accounts. And, you know, our success going to be tied to the success, you know, of continued, you know, performance of, of the company. Unfortunately, this was a, it was a, it was a bad match for our clients. I'll just say that this person, you know, was highly

successful, you know, really good person, just not necessarily, you know, the best match, you know, for our particular clients and kind of how Mike and I dealt with them.

Nikole Rose (41m 59s):

So with that, there, you know, there were some unexpected things that, you know, that we, that we dealt with and we ended up working through it, along with them to transition to someone else who, you know, then was able to kind of stabilize that. But that was the, you know, that, that was, that was tough to go through and looking back, you know, I would have probably protected, you know, maybe protected ourselves a little bit more and not put so much, you know, on the line with it. So that was a big learning lesson. Yeah.

Tom Bronson (42m 27s):

As a, as I am very commonly say, you need to be happy with what you get at closing because there may not be another dollar. And it sounds like you guys were very fortunate that it kind of, I think it worked out in the end, but that there was a lot of risk on the backside for your transaction. And so again, a great buyer representative is going to help you kind of navigate all of those things and, and minimize that. I'm glad it worked out now, Nikole, you, you said, you know, you started down the path of doing things differently. Let's take this question to you first, cause I'm going to ask you this, Mike, so Michael won't surprise you and give you a couple of seconds to think about it.

Tom Bronson (43m 10s):

What would you have done differently? Nikole

Nikole Rose (43m 16s):

Boy, hindsight's 2020, isn't it? You know, so it's, it's probably easy for me to say, you know, at this point, but you know, I, I'm not really sure at that point that if we would have done anything differently, I think it wouldn't have been doing anything differently in the transaction process. It would have been as Mike kind of mentioned, like building better value in the company. So for example, you know, we had some client concentration issues. We do not. And mojo media labs because we have learned our lesson, you know, there, and I will say, you know, you know, we obviously know Tom very well. Tom has

taken us through, you know, his evaluation process. And that was, you know, now a couple of years ago and that really helped us to figure out what kind of, where maybe some of our weaker spots are.

Nikole Rose (44m 2s):

And we, I mean, we fully believe whether or not you're, you know, you're going to exit in a year or 10 years at some point you're going to exit and we, we just want to create value. So I think that, you know, just looking back, it would've probably been less on what we would have done them differently in the process because we just didn't know. And I think probably the company was valued fairly accurately for what it was based on some of the, you know, some of the obvious issues, you know, that we had. So that's what I would say.

Tom Bronson (44m 30s):

Nikole is talking here in the assessment is our signature transition readiness assessment. In fact, this podcast comes out about two or three weeks before we're doing a live webinar about our transition readiness assessment. And then we're going to have a five day challenge in September about the transition readiness assessment. And are you prepared to transition your business? So give a thank you for giving me an opportunity to plug that Mike, knowing what you know now, what would you have done differently?

Mike Rose (45m 5s):

You know, I'm saying I don't, I don't think I would have done anything differently. I think, I think with what we had to work with, we, with the ingredients we had to work with, we created the best meal we possibly could. And, and I honestly don't think we could've done. I would have done anything differently. I think Nikole brings up a good point if we would've done anything differently, it would have happened prior to ever even thinking of selling. It would have been back in the, in, as Nikole says, the dog shed days of making sure that we have a tenure path of making sure that we're just knocking little value drivers out one after the next and reevaluating those. So, but with what we had to work with, I think I am incredibly happy with, with what we did and how we went about it.

Mike Rose (45m 52s):

I think both the buyer and the seller got great value and, and that that's the clients I think got tremendous, they got more better services and better offerings than what we could provide as a smaller company. And so it was, it was perfect on the emotional part though, what I would recommend to people, if that is you, but even if it's not one of the biggest things I think you can do in going into this, cause nobody's going to be looking out for this except for you. And that is what's next, you know, having a what's next is so important on the emotional side, Nikole and I were locked, loaded, ready to go.

Mike Rose (46m 33s):

We knew that the day we walked away from marketing candy, that was the first day that she and I, 100% dedicated ourselves to mojo media labs. And our objective was the 10 X the value of that company, then what we did with marketing candy. And I'm very proud to say that we have successfully been able to do that. So knowing that mojo was our focus, post-marketing candy was just an extraordinary passion that we reinvested knowing that, okay, I know we're going to give up a few things here or there. It's not going to go exactly like we wanted, but now we have a next big Beehag that we're going after and we've, we've been able to do that. So having a what's next deep personal level is incredibly important.

Mike Rose (47m 16s):

And I think to plug a book real quick, our good, good friend Bo Burlingham with the book finished big, just lays this process out extraordinarily well. Yes,

Nikole Rose (47m 27s):

Microsoft actually a really good point in that we were, there was, we didn't necessarily need, you know, the money that came from the sale, right? Our objective was more to grow mojo versus like having this be like, you know, a huge spike the ball and we're exiting and now we want to retire. And if it doesn't work, you know, if it doesn't work out, as we had hoped that we're going to be in real trouble. And so I, you know, I think that's a great point. And if that's your situation, man, you know, definitely be careful going through the process because you're right, Tom. I mean, whatever money you get initially, I mean, that is all that you can truly count on.



Tom Bronson (48m 3s):

You know, you guys, you mentioned that you had an idea in mind. In fact, you had already started a mojo media labs, which is an awesome solution for a business owner to be able to be transitioning their business and go straight into something new right behind that. So you already had that in mind. That is great advice for business owners, know what you're going to do because interestingly enough, even though Nikole already understood that she was going to continue to bring value with mojo media labs, she didn't want to let go of her baby on the other side. And so, and, but that is that type of an emotional reaction is exacerbated when you don't have a plan for what's next, which also leads to 60% of business owners who sell their businesses are unhappy a year later.

Tom Bronson (48m 57s):

And so, so understand what that solid plan is before you, before you do that. Let's, let's wrap up with, with a couple of other questions. My, I think the last, maybe business question that I want to ask here and I'll ask each of you, could you give one piece of advice that you would give business owners about building value in their business and preparing for a transition? So Mike, I'll ask you that. And then Nikole, I'll go over to you on that.

Mike Rose (49m 31s):

Yeah. As I said earlier, it took me 20 years to really figure out the difference between the top line and the bottom line. And over the past 5, 6, 7, 8 years, Nikole and I have just really focused on the financials. And personally, I love doing financials. Nikole is extraordinarily good at doing the financials. What I mean by that is knowing the numbers. And I love that part. I, and I know that's where the value comes from is looking at the numbers. A buyer is not going to say, tell me about they will, but it's hard time valuing it. Tell me about your culture.

Mike Rose (50m 11s):

Tell me about your employee relationships. Tell me what they're going to do with say some of your financials and as much value and as much time and energy and effort that

you put into creating employee net satisfaction, client satisfaction. That's it important? But the first question is going to be show me your financials. So I remember an adage and I don't remember where I heard this. I think it might've been from Michael Gerber, but no thy numbers and Nikole and I teach other agency owners how to run a good financially stable business through your financial statements. And, and we're very passionate about financial literacy and there's too many people who aren't financially literate, particularly our kids.

Mike Rose (50m 58s):

They don't teach finance very well and much less college, but they don't teach it. And in high school, our kids need to understand what that means and the risk of that. They need to understand how to balance a checkbook. They need to understand the value of money, the time value of money, compounding interest need to undervalue. They need to understand what savings means. I have. I had dinner with my daughter and my 21 year old daughter last week. And she goes, dad, I really learned something from you. And I'm really enjoying this and you and Nikole do the fun fund. And I love contributing to my fund fund because I now can do things that make me happy that I don't feel guilty spending the money. Cause I know the money's already spent, it's already in an account.

Mike Rose (51m 40s):

So, you know, teaching financial literacy is something really, really important to us. And when you have to show those finances and if you get a call at 8:00 AM from your financials, and if you can send it at 8 0 1 and you feel confident about that, that's a really good thing. And so I would really, really focus on financial literacy, knowing the numbers, understanding finance, really drilling your accountants, get them to teach you what they know, knowing the difference between accounting and bookkeeping and controller and finance is really, really important. Looking in the past is great, but being able to forecast and plan the future is even more important. The,

Tom Bronson (52m 18s):

The fund and fund. So you mean the whole bank accounts, not the fun fund

Mike Rose (52m 26s):

It is when you're not financially literate. You

Tom Bronson (52m 28s):

See, I, I know Mike and Nikole really well, and I'm guessing that the fun fund came from Nikole

Mike Rose (52m 35s):

Came from and, and, and we have a lot of fun ideas.

Tom Bronson (52m 40s):

All right. So Nikole, same question to you. What's kind of the one most important thing you would recommend business owners do to build value and prepare for that eventual transition.

Nikole Rose (52m 50s):

Yeah, absolutely. So what, what I, what I see is that the vast majority of business owners don't think about exit period until they're burnt out, they're just done with it, they're over whatever it might be. And they spend their time working really, really hard in the business. So for me, it's pretty simple, like figure out, you know, figure out today, you know, first of all, educate yourself, like what does it take to actually, you know, create value, pretend that you're going to be going on the market, you know, like in a year, just pretend even if you have no intention of doing it for 20 years or whatever the situation might be.

Nikole Rose (53m 32s):

So educate yourself by, you know, talking to knowledgeable people. Obviously Tom has, you know, in, in this space and doing that, but it is so incredibly critical to really be able to look at your business and see where the weak points are and figure out how to, and truly how to build value as an, in an eventual sale. I mean, that, that would be what I would have to say. I strongly believe in that. I feel like with everything we've learned, we've done that with mojo. So, you know, if something were to happen, you know, now we'd be ready, you know? And so it's, it's a great feeling. And you know what the cool thing about that is when you do this, you're going to make more money.

Nikole Rose (54m 13s):

You're going to have more fun as an entrepreneur because there are things like, you know, building value is how do you kind of start removing yourself from the business and the day-to-day at Eve and taking more time off, creates a healthy business, right? Creating a healthy business, creates more profit. I E you can actually make more money. So it's a lot more fun. So that's, you know, at the end of the day, if you want motivation, like it's ultimately a more fun way to, you know, to run a business, even if you never sell. Yeah.

Tom Bronson (54m 40s):

I hear that over and over from our clients, I'm having more fun in my business than I was. And I attributed to thinking about these things. So that is great advice. Think about your exit strategy. Don't wait until it is too late and, and, and get a, get some fresh eyes on the business to kind of show you where those blind spots are. We all, as business owners have little blind spots in our business. That is, that is great. Great advice from both of you. Now, I know Mike, I've asked you this question before, but Nikole, you've got to get this one in Mike. I'm coming right back to you on this. That's my favorite question. It's the question we ask at the end of every one of our podcasts and our listeners only listen to the podcast to get to the answer to this question.

Tom Bronson (55m 24s):

So Nikole, what personality trait has gotten you into the most trouble through the years?

Nikole Rose (55m 33s):

Well, I could probably pick from a lot of them. Don't, don't ask Mike on my behalf. Right. You

4 (55m 39s):

Know, I do what I should do. What I should do is ask each, okay. If you,

Nikole Rose (55m 44s):

If you wanted to create maybe some intention and argument yes. Do that. But otherwise I'm not going there. I would say probably being pretty direct. You know, I, I am incredibly authentic. I am who I am the same all the time. And so, you know, that includes, you know, I, I'm not afraid to speak up. I definitely will be direct in a conversation. And sometimes it comes across, you know, as, hopefully not too harsh. So I think I've tried to get better at it over the years, but PSO people either really love that about me or maybe, you know, it rubs them the wrong way.

Nikole Rose (56m 27s):

So that's what I would say. I'm pretty direct.

Tom Bronson (56m 29s):

I love that about you. And I, I, I think the word you were looking for is cold and heartless. That's what it makes me. So

Mike Rose (56m 40s):

That comes across as in the transcript that Tom Bronson said that not your husband,

Tom Bronson (56m 47s):

She has not called in a heartless. Yes. I mean, but she is very direct and I love that about her. So Mike, what about you, what's gotten you into the most trouble through the years and not just with Nikole,

Mike Rose (57m 1s):

You know, I'm going to go a little vulnerable here. You know, mine, mine is the personality trait that has gotten me into the most trouble is self doubt. And I think we all have it. I think we all live this imposter syndrome, but specifically for me, it's it was self doubt. And, and living in, in the sub posture syndrome, when, when you get around incredibly successful people, you want to behave like them. You want to act like them. You want to emulate them. And, and that's great, but if you do it within your business, that's one thing. But if you do it at a self sabotaging kind of way, and I think self-doubt for many, many, many years, and it still creeps in today.

Mike Rose (57m 44s):

I don't know if it'll ever go away. I just learned to manage it. The self-doubt slowed down my success for years, and we could have a conversation set, success, breeds confidence, or competence, breeds success. But for me, success breeds confidence. And because self-doubt slowed down my success, it therefore slowed down my self-confidence. And I think I know that that great leaders have great self-confidence and not, not egotistical or selfish or, or overconfident, but confident in a way where you can have peace with yourself. And when you have peace with yourself and you feel joy, that is a whole nother level of leadership.

Mike Rose (58m 29s):

That's a whole nother level of performance and success that isn't tied to monetary, but it's tied to success being at peace. And I think, you know, the people in your, in your circles that are at peace and they have probably very little self-doubt or they've learned to manage self doubt. And it took me way too many years, listening to way too many people living my life for, to, to, for other people, not myself and giving in and feeding the self-doubt. And that in turn, put me into, got me into the most trouble from a personal internal struggle perspective that nobody else ever saw, which always put me at conflict with myself. I'm not at peace. Well,

Tom Bronson (59m 8s):

Thanks cue for being vulnerable. We all deal with that. In fact, just our listeners. If, if you want to get a little bit of insight on that, one of the most successful people, business people in the world, Richard Branson also deals with self-doubt. I posted an article on our newsletter. And so if you're not signed up for our newsletter, please go do that or send a request to me. I will be happy to send you a copy of the article about how Richard Branson deals with self doubt. A lot of folks do that, but, but that's thank you for sharing that. Mike, thank you both for being our guest today, this has been such fun.

Mike Rose (59m 53s):

You can find blast working with my wife. Yeah.

Tom Bronson (59m 57s):

You can find Mike and nikole Rose at [mojomedialabs.com](http://mojomedialabs.com) or you can find them on LinkedIn. And of course, if you'd like to get to know them, reach out to me and I'll remake a be happy to make a warm introduction to my good friends, Mike and Nikole Rose. This is the maximize business value podcast, where we give practical advice to business owners on how to build long-term sustainable value in your business. Be sure to tune in each week and follow us wherever you found this podcast until next time I'm Tom Bronson reminding you that it's never too early to start planning for your ideal desired exit strategy while you maximize business value.

Announcer (1h 0m 42s):

Thank you for tuning into 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 to maximize business value so they can transition on their terms on how to build long-term sustainable business value and get free value building tools by visiting our website, [www.masterypartners.com](http://www.masterypartners.com) that's master with a Y [masterypartners.com](http://masterypartners.com). Check it out.

Tom Bronson (1h 1m 27s):

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