MAXIMIZE BUSINESS VALUE PODCAST - EPISODE 77 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, the CEO of mastery partners, Tom Bronson.

Jim Roddy (36s):
Hi, this is Jim Roddy, and welcome to maximize business value. A podcast for business owners who are passionate about building long-term sustainable value in their businesses. Now you might recall I've been on the maximized business value podcast before first to talk about my newest book, the walk-on method to career and business success. And recently to talk about when I exited my first business back in 1998. So now you might be wondering why I'm sitting here in the host chair today. Well, this is a hostile takeover. The maximize business value podcast, a team of international hackers has helped me break into Tom system. He can't get rid of me. So we decided, well, we might as well record something and share with people. So actually the reason I'm here is to wrap up the series tales for the 17% club.

Jim Roddy (1m 20s):
I'm going to interview Tom about one of his many successful exits. So tales from the 17% club is a series of interviews with business owners who have successfully transitioned their businesses. As Tom has said once, if not 5,000, if not 50,000 times, 83% of attempted business transitions fail to reach the finish line, meaning only 17% are

successful. So in this series, Tom has interviewed people who have successfully sold their businesses. So you can learn more about the process. And here's some very interesting stories today. We are turning the tables, Tom Bronson, welcome to maximize business value.

Tom Bronson (1m 56s):
Thank you for welcoming me to my own podcast.

Jim Roddy (2m 0s):
It's like welcome you into your own home, actually. You know, I was curious how it feels for you, cause it's almost like when you sell your business, right? And then you go back and see how that business is doing. It's a little weird that someone else is kind of wearing your slippers.

Tom Bronson (2m 12s):
Yeah. Oh yeah. That's in fact, I hadn't really thought about it that way. It is like I've, I've many times walked through the halls of the businesses that I've sold afterward and, and just been an odd, it's almost like if you remember, you know, when you, when you went on to high school and you were in junior high and you really thought that the building was so huge and the halls were wide, and then you go to high school and then you go back to visit the junior high and you realize, God, how did they fit all these people into this tiny little space? Right. So it is a little bit surreal. So I, you know, I'm in my own home and, and I'm a guest,

Jim Roddy (2m 48s):
Well, I'm glad to have you here. And my brother-in-law just shared with me. He managed a Steinmart store in Pittsburgh for, I mean, well, over a decade, they ended up closing the store and now a spirit Halloween, you know, reopened. He's like, well, I'm going to go and have it been there in a while. And he said it was spooky to go back there. And I was kinda like, well, it is a spirit Halloween store. So like it's spooky for everybody, but yeah. Different to different to go back. But I'm definitely looking forward to hearing from you, Tom. And so I'm familiar with your work in the restaurant software sector, but I really

want to hear about one of your transactions. So which one are we going to talk about today?

Tom Bronson (3m 22s):
So I thought about this coming into it, cause I really could talk about any number of different transactions, but one of my favorites was a business called diagnostic imaging. And this would have been way back in. We sold that business at 1997. So that's the one I think we should talk about today.

Jim Roddy (3m 41s):
Great. And so tell us about diagnostic imaging. Like all the details behind it and as clear a picture you can paint in terms of what they did and everything behind it. Sure.

Tom Bronson (3m 52s):
Diagnostic imaging was actually a, a group of companies that we put together, but let me back up in the, in the imaging space, we were in the medical imaging distribution space. So we were delivering back in the day when you had x-ray film and chemicals and things like that. I mean, today it's almost all digital, but back in the day, we were a distributor of x-ray film chemicals, contrast media x-ray equipment from all the way from veterinary x-ray to, to, you know, big, complicated CTS and MRIs and things like that. And our business was formed in 1995, when several businesses like mine, my brother and I took over a family owned business in 1989, that was doing about 2 million in revenue.

Tom Bronson (4m 48s):
We grew it to 20 million over the next five or six years, by the way, one of the part of that growth was inorganic. We did do one relatively small acquisition, but we grew that business to about 20 million, but we were feeling the pressure from the one and only big national distributor of our products at the time. And I think probably still many of the hospitals and medical facilities were buying products through group purchasing organizations, G GPS, we call them and, and there was one national player that did what we did and they were getting all the big national contracts, therefore squeezing us out because member hospitals all over the country were buying on these contracts.

Tom Bronson (5m 37s):
And I, and I said, something's got to give, we need to grow so that we can compete with this big company. So we reached out to four or five other business owners in the Southeast who were doing exactly what we were doing. We were based in the Carolinas, Charlotte covering north, South Carolina, a little bit of Georgia, Virginia. We contacted one in Jacksonville, Florida, one in south Florida and one, and in Birmingham, Alabama. So four companies, I guess, total. And, and we said, Hey, are you guys feeling the same pressures that we are? And if so, why don't we find a way that we can work together so that we can go after these contracts?

Tom Bronson (6m 20s):
So the very first meeting that we called of these like-minded business owners was on July 17th. It was like a red letter day. I remember it every year, July 17th. And at that meeting, we talked about how do we come together? Can we form a, just a coalition, can we, and we decided at that meeting that we would figure out a way to combine our businesses into one business so that we would have a powerhouse in the Southeast that could command some attention. And, and so there we were in that meeting, July 17th, we closed that transaction on January 2nd, 1996.

Tom Bronson (7m 4s):
So that's less than six months. The only help that we had was from our attorney who wrote the documents, right to combine the businesses. We didn't have investment bankers. We didn't have CPAs. We had attorneys because we, we were all like-minded and we agreed to evaluation methodology that we apply would apply to every business. And the shares that you would get on January would be your percentage based on the valuation methodology that we applied. And so it was fair to everybody and it was what was called and what's still called a tax-free stock exchange. We all just tendered our shares of stock at our own company, got shares of the new co on January 2nd and diagnostic imaging was born.

Tom Bronson (7m 54s):
So six months from beginning to end, there you go.

Jim Roddy (7m 58s):
Great. And the thing, and so with that time, so it's essentially diagnostic imaging is a combination of four companies at that point. How many total employees, you know, how much revenue, things like that, how big are you?

Tom Bronson (8m 11s):
I, you know, I don't have exact employee account. We, we were 60 million in revenue and we had probably, I'm going to guess around 400 employees at that point. So, and we were covering from basically Virginia to south Florida to, to a little bit into Mississippi. So we had good coverage of the Southeast,

Jim Roddy (8m 39s):
Right? So w well beyond obviously a mom and pop that's what I wanted to get a gauge in terms of how big a business we were talking about. And then if you don't mind me asking, like, how was the management structure? Like if you have four people, was it, you always take a vote on four or was one put in charge? How did that work if you don't mind me asking?

Tom Bronson (8m 55s):
Well, so,

Jim Roddy (8m 56s):
So what we agreed to do, that's a great question. You know, we were concerned about that the four original CEOs became the board of directors, right? So they formed it, but then among them, I was the youngest and had the most energy and, and basically had the idea. And so they asked me to step up into a senior leadership role, but we were smart as well because we hadn't run a business that size at that point. So we hired an external CEO, somebody who is very familiar to all of us who had spent time in the space.

Jim Roddy (9m 37s):
And so we hired a CEO and, and I came in as executive vice-president. We moved the headquarters to Jacksonville, Florida opened up an office with two people, two people,

two empty offices, you know, with, with a computer and a desk. And that's how we, that's where we established our headquarters. And why do you think Jacksonville, Florida? Well, if you, if you looked at a map of the Southeast, that was almost the epicenter of where we were, right. We went way south to south Florida. We went north up to North Carolina and, and west over to Alabama. And, and the CEO we hired was in Jacksonville. And by the way, there was no such thing as remote working at the time.

Jim Roddy (10m 20s):
Right. My, my, how things have changed. And so I literally uprooted my family and moved to Jacksonville, Florida. And, you know, on January 2nd, we closed the deal. And January 3rd, I was in my new office. Got it. So that's 1997. So you've got the organization formed. So did you, how did you and the group have a clear exit strategy? And do you have a timeline in terms of where you want it to take it and how you want?

Tom Bronson (10m 46s):
Absolutely. You know, our exit strategy was to first raise some capital. We needed to raise some funds to go out and, oh, you know, let me finish on the, on the other management, this is important. So we were running the company, but each of the other CEOs or GM became the GMs of those operating units. We still, because we didn't have combined systems yet. Right. We didn't have anything combined. So, so, you know, w my brother ran the, the operation in north, South Carolina, you know, the guy who was the CEO in Alabama and south Florida and Jacksonville, those guys all became the general managers of their own division.

Tom Bronson (11m 26s):
So exit strategy. Yes. You know, we were, we were smart really because I have one of my early mentors to thank for that. I've never gotten into any business without first understanding my exit strategy, or at least having an idea of what the exit strategy should be. Well, nobody was buying companies in that space at that point, but similar to the, to the space that you and I shared, the technology space for restaurants and retailers that, that you serve at the RSPA, it was right for a roll up. We had aging owners, you know, selling products across the country with no real exit strategy and nobody buying dealers, right.

Tom Bronson (12m 12s):
Nobody was buying any dealers. So we knew that our space was right for a roll up because we could find a bunch of willing sellers. So we wanted to raise capital, go out and do, do a few acquisitions because our intent was to get the company to what we called the magic number was a hundred million at the time. That's not true today, but at the time, you really, as a general rule in order to do an initial public offering or an IPO, which is an exit strategy, you needed to have about a hundred million in revenue to get anybody's attention.

Tom Bronson (12m 52s):
So our decided to plan was to grow the business organically and inorganically through acquisitions, get to that a hundred million, and then start down the path of taking the company public. Now, you know, so we have a plan. Well, a year later that plan changed dramatically. When a knock came at the door and pat Kelly at PSS at the time it was called PSS. It later was renamed PSS, world medical came and visited because they were also a Jacksonville based company. And he said, Hey, I'm watching what you guys are doing. I'm looking at the press on what you're doing.

Tom Bronson (13m 34s):
W you know, you don't have to do this alone. You know, I've already gone through the pain and the expense and the cost to take my company public. Why don't you combine with us? And then you can use our stock to go out and execute the strategy that you want to just like we did in the small goods, medical space. And so they were serving doctor's offices coast to coast, you know, with, with a hundred locations, they had already rolled up that space. And so they approached us and said, why don't we go and do it that way, as opposed to you having to do all the work, to take the company public.

Jim Roddy (14m 12s):
Got it. So when they said combined with us, this is, you know, when I hear about like, there's a merger and I'm like, did one actually acquire the other. Right. And they're just saying merger in a nice way. How did this work out from when you said, you know, you

were, you know, combining with us, did they actually purchase diagnostic imaging? Is that how that worked? Or how was,

Tom Bronson (14m 30s):
Yeah, that w that was the plan. They were going to buy us using their publicly traded stock. And then we would have access to that stock to use as our trading commodity. So, you know, there's, there's a number of different ways to buy businesses. One of them is to pay cash for it, right? Go borrow money. Or if you have cash in the bank, go pay cash for it. But another, a method that's used commonly by publicly traded company is issue more stock that you already know the value of the stock, because it's publicly traded and issue shares to the shareholders and let them trade their shares for your shares. And then you acquire the company. That's exactly the method that we settled on.

Tom Bronson (15m 11s):
So that, so, so yes, they were going to acquire us, call it a merger, but they weren't going to acquire us and run us into the PSS brand. They understood at least a very little bit, which we would discover later, they, they understood that we were serving a market that was slightly different from their market. We were focused only on radiology. So we were serving radiologists, orthopedic surgeons, you know, doctor's offices that had radiology, but the bulk of our business was in the hospital space and they had no experience. So, so the method that we agreed to was they could acquire us with their publicly traded stock, but we would become a wholly owned subsidiary of PSS, renamed PSS, world medical that would have a diagnostic imaging unit, a physician sales and service unit.

Tom Bronson (16m 5s):
And at the time they had global med, which was in Europe. Eventually, they also bought an extended care unit, which was called Gulf south. And so they, their vision was to buy these, buy into the industries that were right for a roll up that were highly fragmented and had aging owners with no exit strategy and, and just go out and March across and buy those, enroll them into those different business units.

Jim Roddy (16m 34s):

Gotcha. Thanks for that detail. That, that helps paint a clear picture, for sure. So this is a deal that somebody could say, like fell out of the sky for you and your partners, or it was like literally opportunity knocking at your door. Right. And you just opened up and there they were. So after you were approached by PSS, what was the reaction? What was your reaction? What was your shareholders reaction?

Tom Bronson (16m 55s):
You know, we were skeptical at first, you know, of course we knew who PSS was and, and part of my skepticism was with our own shareholders, right. You know, who, who tipped our hand on what we're doing and, and, and do it cause there wasn't, I mean, come on, we formed this company and a year later they're coming after us. It wasn't like we were in the news every day. We were a privately held company still. And, and the skepticism caused some, a little bit of some risks in our shareholders because who's leaking information about our business and who's going after this, but we were also skeptical of what does this look like? None of us had ever been acquired by a publicly traded company, much less worked for publicly traded company.

Tom Bronson (17m 38s):
We didn't know how it worked. You know, the, the, we were skeptical of what would happen with their share prices. You know, what if we sold the business at $10 and then it went to $5, you know? So we cut our in half pretty quickly. We were skeptical about, you know, how long do we have to hold the shares, things like that. But I will tell you, pat Kelly, God rest his soul. He passed away a couple of years ago. He was a salesman. You know, he said, you know what, don't you guys sell it, let me come to your board meeting. And so we brought literally, almost all of our shareholders at the time. And I'm trying to remember, I think we probably had 16 or 17 shareholders because there were multiple not only the primary business owner, but other folks in the businesses on chairs and pat came and, and painted a picture for us.

Tom Bronson (18m 28s):
And suddenly everybody got really comfortable with the deal and we decided let's move forward.

Jim Roddy (18m 35s):
Great. So, and how long did the whole process take, you know, from that meeting to actually closing the transaction

Tom Bronson (18m 41s):
Is about a year. So from that first meeting, until we closed, I'm unclear. That's a great question. I should go back and look up the exact timing on that. I think it was a little less than a year, but we had a, a willing buyer, their stock price by the way, was storing. So, so, you know, they can buy us with a lot of shares and get a good deal and we had willing seller. And so, so we could put the deal together very quickly, but a year or so, a long time, a lot of business owners think that they can, you know, you have a willing buyer, willing seller who can agree in principle on the, on the price and the methodology, but it still takes a long time to get to an actual close.

Tom Bronson (19m 26s):
So a year to us at the time, it felt like an eternity.

Jim Roddy (19m 30s):
Right, right. As you're going through it. But I mean, here we are, we're recording this heading towards the end of 2021. And it seems like people are still complaining about 2020, right. And everything we went through there. So yeah. The years can go by the months, the quarters, they, they zip right on bias. So give us some more details. Talk about your transition team. So I'm sure you had one, cause you began with the end in mind at an exit in mind. So what role did they play helping you through the process?

Tom Bronson (19m 55s):
So we did with this exactly what we did when we combined our businesses, which by the way, was a mistake, right? The only, the only person on our team was our attorney. He's still, he actually is the managing partner of the firm that he's still with in Jacksonville, Florida, just a wonderful attorney, but each individual shareholder kind of had their own attorneys from their prior businesses kind of looking at the deal. But we did not bring on accountants and financial planners and, and, and other folks, our, our team was us and our attorney.

Tom Bronson (20m 35s):
And, and that's, you know, if you, if you asked me about mistakes, that's probably one of the mistakes that we've made. And now he was awesome. He was a business attorney, you know, that's also, by the way, something people do, they'll get latched onto their attorney, but you need a good business attorney. Somebody who understands M and a transactions, the good news is, is that he did. And he was really good. And he helped us a lot. What we probably should have broadened that team a little bit more

Jim Roddy (21m 3s):
And talk about how would you have broadened that team to include what

Tom Bronson (21m 7s):
Yeah. W we would have probably included some additional consultants to help us with, with gathering data and process. We would have certainly employed a CPA to help us better understand the tax implications of what we were doing in the future implications. We probably would have employed a financial planner or multiple financial planners who could give us insights, because even though, you know, we all owned publicly traded stocks in our portfolio, we weren't experts. We should have done more due diligence on the stock price of the stock that was coming.

Tom Bronson (21m 48s):
You know, where is it trading 52 year highs and lows? You know, where's the average, what is it? What's the trajectory we should have read, you know, a lot of their, their annual reports and 10 Ks, we would have hired people that could at least give us some good insights into those things.

Jim Roddy (22m 5s):
Got it. I want to ask you a question that kind of adds on to that and just this is going through my own experience. So back when I was at Jamison publishing, I was there for 18 years that we were a technology publisher magazine. And then we went and bought a web company that was one of those dot coms. Like they raced up really fast to 2000. Then, you know, we bought them when they were on the way down with only like only 50

employees or something like that. Well, we did from a Jamison standpoint for our due diligence was we took our team like they were in Philadelphia, we were in Erie, Pennsylvania. So we drove, you know, like six, seven hours across state and two different vans. We had our controllers, you know, from our two different companies asking questions, our operations team.

Jim Roddy (22m 45s):
And they were just doing all sorts of that. What is your, I mean, obviously that wasn't the group that made the final decision. It was the owners. We had attorneys, you know, who were, who were involved because what's your thought on involving your team from a due diligence standpoint, because it takes away from your day job. But at the same point, it really helps us understand what we were getting into. And I think made the merger stronger for sure. But it was taxing, you know, during the whole due diligence process. What's your take on that?

Tom Bronson (23m 10s):
Oh, it's incredibly taxing. I mean, it, it, one of the questions we ask in our assessments with our, with our clients is do you have the bandwidth and the runway to work with the, the very high needs of a buyer, right? They're going to ask lots of questions. You're going to have to respond with data and information. I say, you need to have a team in place that can handle those things. At the time. I will tell you that for me, our hired CEO, we did hire, by the way, as CFO, we needed that in place. It was completely distracting for us. And it took our eyes off of the business.

Tom Bronson (23m 51s):
And now, fortunately, we had GMs really running the distribution of the business, right? We were distribution company, but, but it took our eyes off of strategic planning and thinking. And many of the initiatives that we had in place just fell by the wayside because we didn't have the bandwidth. You know, here's three guys basically doing all the due diligence work. And then our CFO, will they ask for a report? Well, at the time, again, don't forget. This is a year later. We still hadn't combined all of our accounting systems. So when they wanted a report, you know, data, our CFO had to go to four

different disparate systems, pull it all together, you know, figure out how to match this data together into some and puke it back out in a spreadsheet.

Tom Bronson (24m 42s):
And I mean, it was, it was those those days. Although I look back on it fondly now, I mean, 20 hour days, you know, six days a week was the norm and we weren't running our business. We were just responding to requests.

Jim Roddy (24m 58s):
Yep. No, I remember when we first began the due diligence process, like everybody was assigned to groups and I was like the floater, like wherever they needed me, I would jump into. And it was like super exhilarating and making multiple trips and calls. Then we're in the actual negotiation phase. It was the owner, it was our controller. And it was me. And I just remember at the end of that week to saying to the controller, like, let's make a blood pack. We never do this again. Right. Like once we got there in November, like the charm has worn off. And I mean, I'm glad, like you said, I'm glad we did it. Cause it was really good to move from a print product, into a, a web product to really fast track this on it. Unbelievable learning experience, but yet painful. And you're, you're, you're putting your, you know, your car into park, right.

Jim Roddy (25m 40s):
Your main car and you're hopping into another one. And that thing is, is not moving in it so well, thank you for letting me kind of, oh, go ahead.

Tom Bronson (25m 46s):
I will tell you that it, you know, the experience was like getting an MBA and acquisitions because for you, it was, let's never do this again. For me, it just wet my appetite. Now I'm going, oh, all right. Now, now I understand why we're doing these things. You know, I was young and stupid, you know? Yeah. When you're young and stupid, the, the, the, you know, it's common that you don't know that you're young and stupid. Right. I didn't know that I was young and stupid until years later. And so I didn't, I didn't know what I didn't know. And, but I was learning and absorbing everything and it had quite the opposite effect on me. It just wet my appetite and said, man, this is something I want to do.

Jim Roddy (26m 30s):
Just so you know, when I tell people I'm not young and stupid anymore, people say, well, it's true. You're not young anymore. And then wait, wait a second. We all idea. But we don't all mature people listening to this. They're like, yeah. Tell us something. We don't know. What else would you share about the due diligence process? We touched on a little bit. Is there anything more you want to share with?

Tom Bronson (26m 54s):
Yeah. Yeah. As, as we already said, you know, it was a mess, right? I mean, we, we just didn't have data prepared, but I will tell you that they were a sophisticated buyer. They had already bought over a hundred companies. So they knew what they were doing. They knew what thumbscrews to use and, and they put us through a ridiculous number of calisthenics, right. To get this done. But, but the one thing when you asked me, you know, about due diligence, the one thing that stuck out to me is that the, their group of attorneys, they had a big, powerful group, still exist, Alston and bird out of Atlanta.

Tom Bronson (27m 36s):
And they sent one of their M and a attorneys, a young woman to come to our corporate office. And she literally spent days reading all of our corporate documents, I mean, days. And I saw her, she had her little legal pad and she's reading stuff and she's making notes and reading and making notes. And I'm like, I don't ever want that job. But it pointed out to me that thank goodness we had our corporate records in order. We were new enough. We had corporate records in order, but we also had corporate records from all of these other companies, which we had gotten up to date.

Tom Bronson (28m 15s):
And it just showed to me that that corporate records are important because that was literally, you know, after we signed our LOI, she showed up the next day and started doing that stuff. And so, so it was really interesting. We were worse kind of at the branch level. Cause we were all over the board. Some of the businesses, like the one that I left behind my brother was still running in North Carolina was spinning like a top. The one in south Florida was spinning out of control. And so, you know, it's, it doesn't

matter whether you're in or out of control or like a top everybody was spinning. And so it was just very taxing at all levels in the organization,

Jim Roddy (28m 58s):
John. And did the whole process, did it add or detract value from the sale eventually?

Tom Bronson (29m 2s):
You know, they knew what they were buying and, and they were, they were using a pseudo money. Right. They were issuing stock for us. It wasn't like they were going into their bank account. The only thing that they wanted to make sure was that, that, you know, it was free money to them. All they had to do is print more stock. It's kind of like the government now, right. Just print more money. But, but for them, the only thing they wanted to make sure that it w that it wasn't going to be diluted. And so the price really never changed during due diligence, but, but it did just at the end and it did. So the due diligence didn't take away.

Tom Bronson (29m 43s):
They knew that we were disorganized, but we did ultimately have the re-trade conversation that I talk about. You know, the, the retrade is when after due diligence, they come back and say, well, here are the things that we learned that were different than what we expected. And so we have to lower the price. Our retrade conversation had nothing to do with what they learned during due diligence. Our retrade conversation had everything to do with the fact that when we started this deal and we agreed to a price, it was based on a $33 share price of PSS. When we were about to close the deal, they started dragging their feet because their stock price started dropping for various reasons.

Tom Bronson (30m 28s):
Right. You know, stocks are volatile, especially as a stock at that time, there were a billion dollar company. So, which sounds huge, but you know, it's a, it's still a relatively small, publicly traded company and their stock price started going. And suddenly they went quiet on us, but when they finally made it, when it looked like it finally settled at about $17, that's when they came back to us and had the retrade conversation, because

they would have to issue too much stock at a $17 price versus a $33 price. And we had that horrible retrade conversation. And I will tell you, it was gut wrenching because in essence, the value that our shareholders were going to see was going to be cut in half.

Tom Bronson (31m 13s):
They wanted to issue the same number of shares at the new stock price. And it was a, I mean, it was a kick in the gut. So yeah, we did have a rate retrade conversation. And how did it end up, like we ultimately settled somewhere kind of in between, but I also recognized it's important to understand what the buyer needs to. This had to be a non-dilutive transaction for them, meaning the number of shares that they issue and the addition of the size of the company, they had to at least maintain their bottom line. So understanding that metric, we got to the top of it. We never got back to the value that we wanted, but we, but we did settle on a price.

Tom Bronson (31m 56s):
Now tell the tape, you know, when you sell to a publicly traded company, there's always a color issue that you, you can't sell the shares for X number of months. Typically it's a year. In our case, it was two years that we couldn't sell. So, you know, we traded now at the $17 and we got stock at $17, but we could not sell that stock. It was against the law and against our agreement for the extended time. Now for me, fortunately, I don't know what happened, you know, call it divine intervention or a genius market timing or, or whatever, or, or dumb luck.

Tom Bronson (32m 41s):
Yeah. Yeah. Thank you. Yeah, that was, I, I actually sold all of my shares the day, the price, it was just hovering at 17. It would go to 19 and down to 15. But at the end of that year, we were getting the lift in the stock market, which sometime, you know, the Christmas lift the end of the year lift that sometimes happens on December 31st, which was a trading day. Our stock got up to 22 and a half and I sold all of it, almost all of it. And so I got a nice lift on that.

Tom Bronson (33m 21s):

And many of my other, the other shareholders looked at me and said, what are you crazy? Why are you doing that? And, and then they watched the stock go down to $2 and 50. So yeah, it was painful. So many of us did sell at a good price and it got down to $2 and 50 cents. I ultimately unloaded the balance I had, I don't know how many shares. It was a significant amount of shares, but I still held some because I worked for the company still. And, and I didn't want to sell all my stock and went down to two 50. And I was like, well, this is worthless. It's almost a penny stock. One day, many years later, it got up to $10 and I called my broker and I said, sell it, sell it.

Tom Bronson (34m 4s):
Now, when it hits, when it hits $10, sell it. And he did. So I got, you know, I got half value for, for those shares that I sold them.

Jim Roddy (34m 13s):
There's a certain point where there's no room in business for nostalgia. And that's what it sounds like you've reached that point where you're like, it's like now it's just,

Tom Bronson (34m 22s):
It was, it was a nice loss for me to take on my, on my taxes that year.

Jim Roddy (34m 27s):
So before we take a break, I want to ask a question about your employees. So I want, I'm curious how they reacted. I'm also curious how you communicated with them, right. Is this something where you walk them along the way? Or is it more what I call like a Jack in the box announcement? Like <inaudible> boom, like, and it just pop up and it's like surprise. Right. You know?

Tom Bronson (34m 46s):
Yeah. That is a great analogy. I'm going to start using that. I want to go get a Jack in the box and start using that. But the, the first announcement, when we combine the businesses was a Jack in the box and our people were kind of dazed and confused. They know we didn't that, that all the same people were staying. But the second time we told them, you know, we're ultimately going to sell this, help us get there. And we'll drag

you along the way. There was still a bit of, gosh, we're bummed because, you know, we had a plan and we're, here's where we're going, and we're not going to be able to get there, but you know, now maybe we can do it. And so some were bombed, but I will tell you probably one of the most gratifying, if I had to make a list of the top 100 things, I'm most proud of in business, this would be probably in the top 10 list.

Tom Bronson (35m 31s):
And that is our, our next level of managers beyond the owners. The next level of managers, many of them stayed on with, after we sold the business for many years and rose to running branches on their own, to, to, to running giant regions. Some of them arose to, you know, national sales level. I mean, and so, so those folks had opportunity that we could never give them in the size business that we were. And many of those folks retired, you know, later from that, from that business, after a long and stellar career.

Tom Bronson (36m 13s):
So, so ultimately it was really good for our employees. And that's one of the proud moments of my career.

Jim Roddy (36m 22s):
That's great. There's a book called multipliers, which I strongly suggest that that folks read. It talks about your value as a manager and a leader. Isn't just found in your income statement, right? It's in those people who you multiply their ability and you really get to see how they grow down the road into something, something super special.

Tom Bronson (36m 38s):
It's we call it the intangibles, right? You know, the tangibles is what you can see on the balance sheet. The intangibles are things you can't see the value of the people, the, the value of perhaps your intellectual property, things like that. We did a podcast on that with, with lad Hirsch. It's brilliant. You should go listen to it.

Jim Roddy (36m 56s):

Wonderful. Well, let's take a quick break. We're talking with Tom Bronson, a member of the 17% club and the usual host of this podcast. We'll be back in 30 seconds.

Announcer (37m 8s):
If you want to be a 17% or two, of course you do. And we can help you get there. This whole mastery partners is on a mission to unmask the value of your business. It's not 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 assessment, pinpoints are hits and misses. So 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% boom to masterypartners.com.

Announcer (37m 50s):
Schedule a call with Tom and join tra challenge. Don't be deceived uncovered, and know how to build massive value in your business.

Jim Roddy (38m 0s):
We're back with Tom Bronson, or we're talking about his exit from diagnostic imaging in 1997. So Tom, we've talked about a lot, just in general. What did you learn going through the whole process? What are some of your big takeaways and less?

Tom Bronson (38m 13s):
Well, if I could borrow from my good friend who I recently heard on a podcast, everything, as I said earlier, it was really kinda like being, getting an MBA in and business transitions and M and A's or in M and a transactions. And, and I learned so many important things. Oh, maybe, maybe I can just tick off a few of these, one of them, if you've ever seen the movie, Glen, Gary, Glen Ross, it's like one of my favorite movies about sales. It's the Alec Baldwin plays the, the big slick, you know, a sales VP who comes in to give the motivational speech.

Tom Bronson (38m 56s):

And it's ABC always be selling, ABC, always be selling, right. And it's like the worst motives. In fact, my, I had it on the other day, it was, I was flipping channels and it came on and my wife walked through and it was right at that scene. And she goes, what is this, this, this Glen Gary, Glen Ross. I mean, it's like the greatest sales movie of all time and along with boiler room and, and a few others, but she sits down and she's not paying attention, but she's hearing what's going on. And it's right at this time, when it's the guy he's going through this motivational speech. And she looks at me and says, is that supposed to be motivational? And I said, I said, I said, that's the beauty of this film.

Tom Bronson (39m 38s):
I will use to show that to sales managers, to teach them how not to be right. So ABC, but I borrowed that, that ABC and I changed it to ABR. Always be ready. You never know like us, we were just combining our business together. And you never know when an opportunity is going to come across your door. Now I hear from business owners all the time. Oh, I get calls every day. Yes. If you're breathing, if, if you're listed on any business websites, if you get any notoriety, every private equity, every business broker, every investment banker is going to be calling you.

Tom Bronson (40m 23s):
So you're going to get calls every day. It doesn't mean that you've got a real buyer on the other end of the line. We just happen to have a real buyer that knocked on our door and walked through. And, and we got lucky, right? And, but we were nowhere near ready. We knew that there were things I would have stomped the gas pedal at the very beginning. If I really thought we were going to have an exit in a year, I thought we had three or four or five years to build the business, take it public. And, and then, you know, go on about our happy way, but a real deal fell in our lap. And, and so a real lesson that I learned was be ready in advance document your processes.

Tom Bronson (41m 9s):
You know, we had processes at our various businesses, but we'd never taken the time to really consolidate and think about what were best practices, benchmark yourself against others in the industry and understand what best practices are and create the best in class processes in your business. So that, that be an attractive, that can be one

of those intangibles we were talking about before the break that that could make the business more valuable. It really gave me a clear understanding of the value of corporate records, corporate records. So that would be thing, number three, the corporate records, because, you know, that's something that sits on a shelf.

Tom Bronson (41m 55s):
I've got a corporate record book over here on the shelf. And, and those are things that are easy to overlook. You're not recording all the things you're not putting in all your resolutions. And by the way, if you have bank debt or a line of credit, you have a corporate resolution that belongs in your book. Those are simple things, you know, get those corporate records in order because somebody's going to read them the way that the, the attorney from Alston and bird did. Another important thing I learned was understand the buyer's motivation. I never really thought about that. I knew about the seller's motivation. I want to cash, right? I want to sell this business and I want cash, and I want to move on about my business, but, but really diving in because we didn't at the beginning, understand the buyer's motivation.

Tom Bronson (42m 43s):
And, and we didn't understand that until the, the stock price plummeted. And then I understood how they were valuing businesses and what their motivation was. And that would have been a big driver for me at the very beginning. If I, if I, if I've defined my exit strategy, which we had and understand the buyer's motivation, that's a big lesson that I learned. And, you know, a lot of these things are things that we do in our assessment today. You know, we've created that. And I'll talk about that in a minute, but it's the things that are kind of out of sight out of mind that you don't think about that every business doesn't, you know, well, every business has processes, but are they documented right?

Tom Bronson (43m 27s):
Are they best in class? Have you benchmark them? Do you know how you perform against your industry? You know, are you ready? Are you really, are you, you got these things in order. These are the things that, that the lessons that I learned, that we've tried to really capture and consolidate into one of our products, which is called the transition readiness assessment. And it's all the lessons that I've learned. So literally that

assessment is 500 questions. And, and many of those I learned during this transaction. So we could sit here for hours and I could just tick off all of those things for you. How's that

Jim Roddy (44m 3s):
Another podcast question number one, question number two, and just move through. But if I can expand upon one point, they said about documenting your process. So, and again, you and I have worked in the, in the same industry. And one of the services that I provide to the RSP is called a customer health checkup, merchant survey. So we help these small businesses survey their customers, right? So would build a system for them where every year they're getting this feedback. Well, one small. And I was just talking to him this morning, a small business owner. He has really, really good scores, but it's because he's small. And he is personally invested in every single connection. He's like, I'm never going to be able to get away from the business. And he was like, looking to me for hope. I'm like, well, yeah, you're not going to, if you continue down this path, and then we talked about doing some training for his team, and then the training what's left behind in the worksheets and all that is their best practice in terms of, for how do they handle a customer complaint?

Jim Roddy (44m 53s):
How do they determine outcomes? Right? And then a new employee comes in and you have something to train them on. But one of the stories he was sharing is the time he yelled at a customer. And I said to him, like, how many customers do you have to yell? And he's like, well, I've done it twice. You know, over 30 years. I'm like, yeah. But if you don't have the systems in place a new, person's going to see it. And they'd be like, I guess it's okay to yell at customers. Right? They're not going to know. And that's how you said the spinning out of control. That's all it can do. But if you have something to point back to a standard, a system like everybody is literally and figuratively on the same page, that's I have a real business that someone can look in on and go, oh, they're a real business, as opposed to, well, if this guy gets plucked out, you know, nothing's there whatsoever. So I don't know if you wanted to add to that at all or what your thoughts are on that.

Tom Bronson (45m 36s):
Actually, a couple of points, right? Number one, you touched on something that is so important that so many small businesses don't think about and that's owner dependency, right? If, if you hear, if you read anything about M and a transactions, you'll hear that, oh, if you're, if you're, if the business is dependent on the owner, you're going to take a haircut, right? Which, which means a reduction in value in the business, right? But if you're a $20 million business and it's dependent on the owner, you are going to take a haircut, call it as much as 25 to 50% of the value. Why? Because they've got to go and replace you. If you're a small business and the way you classify small businesses is kind of less than 20 million.

Tom Bronson (46m 17s):
And then micro businesses is less than five. That is owner dependent. It's worth nothing, nothing, nothing. Now it might be worth to get a haircut,

Jim Roddy (46m 27s):
But instead of cutting your hair, they're cutting you right here. Right.

Tom Bronson (46m 30s):
It looks like my hair. Right. And so, so that is a great point. Documenting processes. It's when you document processes is all about making the business more transferable to someone else. And it doesn't mean necessarily you, what happens if that one and only customer service rep leaves the company or accepts an offer somewhere else or dies. And nobody else knows how they do their job. It's about being prepared to even handing off at every level in the organization, things that they can do. And one of the, one of the things that we teach our clients is document those processes, go through something like what you explained with, with your, you know, how did, how did go out and document the processes, but then use them relentlessly to train new employees because you've got a written document.

Tom Bronson (47m 23s):
And by the way, it gives you a built-in method to update the processes as things change. Right? Yeah. And, you know, because you're, you pair them up with somebody, I always

say, give them a mentor, somebody who's done the job or worked in the company and then let them kind of walk through the process with them and go, oh, oh, we don't do this piece anymore. Let me update that. Right. And so, and so then you hand that back to whoever updates the processes and you keep them updated. So, so I think it's really important at all levels of the organization. And I think that's brilliant. Thanks for highlighting that processes are very important. You should go listen to our podcast. We did with Sharlene Aldridge and Aldridge occur about developing processes.

Jim Roddy (48m 5s):
Good. And you know, and you don't have to build like, don't consider yourself, like you're a fortune 500 company you need, you know, all this, you know, complex stuff, you need some stuff for it. You need something, something to point to. So start start where you're standing is, is good advice and do something, get one step better.

Tom Bronson (48m 20s):
I always say, start with the things that are in your head only good. If something happened to you that nobody else knows how to do this, start with those things, because those are critical and then go to your people and ask them, what are the things? And, and you're right. You don't have to boil the ocean. You know, I say that a well-documented company, somebody that has processes has gone through and identified what are the 40 or 50 critical processes in their business. And they're, well-documented, there might be other minor processes along the way, because, you know, I guess there could be a process for opening the mail. Well, first you get your little letter opener out of your, you know, well that's yeah.

Tom Bronson (49m 3s):
So, but you don't don't get that granular, but I've seen big companies that are that granular, but it's identified the most important things. And it starts with what's in the owners head and anywhere that money is changing hands. So if you start in those two places, you're going to go a long way toward documenting the right processes.

Jim Roddy (49m 25s):

Yeah. Process to open up letters in the mail room does not add value to the business, a process for how you handle customer complaints efficiently and effectively, that adds value to the business. Well, thank you for letting me go down that rat hole though. I shouldn't say, I mean, I'm the host for this, right. So I, I kinda have,

Tom Bronson (49m 44s):
So thank you for taking me down a rat hole.

Jim Roddy (49m 48s):
Sure. Happy, happy to do it. So, all right. So that was talking about what you learned going through the process, looking back, what would you have done differently? You know, here we are almost 25 years after that transaction.

Tom Bronson (50m 1s):
Well, you know, time heals a lot of wounds, right? I will, you know, the, any, any animosity that I had is long since gone, but I will tell you that, that I probably, along with some of our other shareholders, I would have told us to pump the brakes, pump the brakes, let's find out what's going to happen with this business. Let's, let's continue with our additional plan or our plan doesn't mean that we wouldn't sell to them because they were look, they're a good company and, and well run. They ultimately sold that business to McKesson. And many of those people are still working for McKesson, but I wouldn't have rushed the deal.

Tom Bronson (50m 43s):
We were trying to push it. I actually do. If I did have regrets, it would be that I really push hard on one of our shareholders. And I didn't take the time to really listen to the concern about that. You know, I was, I was the guy that was hurting the cats of all of our shareholders and trying to get it across the line. But we had one shareholder that I, that I did some significant damage because I went around him to his attorney because I knew his attorney. And I said, would you put the pressure on, and I will tell you that that damaged my relationship there.

Tom Bronson (51m 25s):

And so again, it's about pumping the brakes, right? I, would've probably gone a little bit slower. I would have taken the time to be more intentional about, about w w how do we get the business more prepared. And, and I, I probably wouldn't have gotten caught up in the hype. You know, one of the things about doing acquisitions, look, it's it's every business owner's dream, right. To build a business and then sell it. And we were about to cash in, in a pretty big way, right? And it was not a, not an outstanding way, but it was a pretty big way. And it was going to deliver a lot of cash to a lot of people's bank accounts, but you get caught up in the emotion of that deal, right?

Tom Bronson (52m 13s):
You get mentally committed to that deal. That deal fell in our labs. There would have been other deals, right. There could have been other opportunities, but we got emotionally tied to the Beal. And, and I would have figured out a way I've learned since you don't, you can't let emotions drive a deal, the numbers drive the deal, the facts, drive the deal, dig as deep as you can, and, and understand as much as you can and, and let the emotions step out of the way. We probably made some mistakes, then not probably we did make mistakes then because we were emotionally tied to the deal. And I deal with this with business owners every day.

Tom Bronson (52m 54s):
Now, folks that have an offer and, oh, I'm so excited. We're going to do this. And we're going to, you know, look at this. And, and I, and I say, well, send me the letter of intent. And I go, what are you crazy? That's not what this says. You know, you're excited by this big, huge number, but okay, they're going to deliver you $10 at close. And then they're going to deliver your $20 a week for the rest of your life. It's kind of like, you know, the, the publisher's clearinghouse, right? That's an extreme example, but, but we get caught up in the emotion of it because we see these big dollar signs get, I would get the emotion out of the way, because it's probably the emotion that drove me to drive a wedge between me and one of the shareholders, which has long since been repaired long since.

Tom Bronson (53m 40s):

But, but that's probably the way I would, I would say I would, I would get emotion out of the way and I wouldn't push as heart.

Jim Roddy (53m 47s):
And did you know, you mentioning about the emotion tying into your decision making? Just a book that I highly highly recommend, like it's in my top five, you know, of books that I've read and I've read more than five, by the way, in case people don't know me very well. Like, of course it's tough five, he's only read the seven, but if you look up, Roddy's recommended reading. If you Google search that you'll see the a hundred. I can't remember what it's up to now, 50 something books or, or more that I've read where the top five is decisive by chip and Dan Heath, they talk about the villains of decision making. And one of them is attain first, you have to attain emotional distance before deciding, right. The period of infatuation can be intoxicating, whether it's dating to marriage, whether it's hiring somebody, whether it's selling or anything related to the transition of a business.

Jim Roddy (54m 32s):
So decisive by chip Heath and Dan Heath, you know, great, great book to read. It applies to so many different areas of business. So, right.

Tom Bronson (54m 41s):
I like you, I tear through books. I should start a hundred book club by the way, is I, I heard somewhere that maximize business value could perhaps be on that list

Jim Roddy (54m 52s):
On the top five list.

Tom Bronson (54m 54s):
No, on your, on your top.

Jim Roddy (54m 55s):
Oh yeah. My Roddy's recommended reading lists. Absolutely. Maximize business value is, is on that list. Yeah.

Tom Bronson (55m 1s):
Yeah. I don't, I would not aspire to the top five, you know, that's, Hey, it's like getting on the New York times bestseller list, but I understand that, but, but as long as it's on the list, I think it's on, I think you let me know when you put it on the list that it's now on the list of books that Jim Roddy has read.

Jim Roddy (55m 20s):
Yes. And and recommended. I, I have some that I've read that I do not recommend don't don't get me started on some of those one was for,

Tom Bronson (55m 29s):
I got to tell you, we won't do it here because it's a lot of people really liked this book, but I'm reading a book right now that I'm emotionally committed to it. Cause I'm way more than halfway through and I'm going come hell or high water. I'm going to finish this damn book, right?

Jim Roddy (55m 45s):
Yeah. There's nothing like reading through something. You just put it down. You're like, what a bunch of tripe like, oh, this is awful. So

Tom Bronson (55m 50s):
I keep reading because it was recommended by somebody who I respect and I'm reading it. I'm going, I I've got to get to the point that perhaps a light bulb will go off for me.

Jim Roddy (56m 1s):
I had the same thing with, again, I'm thinking about one book. I won't name it. That I read that some friend recommended. I remember getting through it and I'm like, I hope they never asked me, Hey, what should you think of the book? Because I don't want to lie. And I don't want to hurt their feelings, but if I have to choose one or the other I'll I'll hurt feelings. Right. Cause I'm not gonna, I'm not gonna lie. So. All right. So that was again, so a book that you can recommend max, by specifically by Tom Bronson, decisive by

chip and Dan and Dan Heath. So as we wrap this up, what advice would you give a few questions left for you, Tom? What advice would you give to business owners who are looking at transition? I mean, that's what mastery partners is built on. And so I'm sure you have a long answer to this, but what would be your top of mind response?

Tom Bronson (56m 39s):
So I think top of mind right now is, is understand the value of your business. Now, you know, take the time to understand how businesses in your industry are trading and, and apply that to your business. So you have at least a good thumbnail of what my business is worth. Most business owners, don't take the time to think about what their business is worth. Really. They, they have an idea in their mind what they think it's worth, but that's almost always tied to some astronomical number that they think they need to retire on. Right? And so get real, get real about what your business is worth today, but then get with a financial advisor to find out what you really need to retire on, right?

Tom Bronson (57m 26s):
To understand then what you need the business to be worth. Right? Cause if you can understand where your business is now and what you need it to be worth in order to live your life for the rest of your life, in your lifestyle, then, then you can come up with a strategic plan to get from where you are to where you really want to be. Unfortunately, most business owners think their business is worth that magical number that they needed to be now. And I have to tell you a precious few, are there are some that are worth that, but there are many others that are most of them. 99% of them are not worth that magical number now. So, so I think perhaps the best advice that I would give business owners is understand what it's worth now, understand what it needs to be worth and then work to close that gap right now, of course, that's what we do at mastery partners.

Tom Bronson (58m 22s):
You know, we do an assessment of the business. It's that 500 point questionnaire that I talked about and we walk you through it and it takes the better part of a day. We just did one for, for someone in the industry that you serve. Now finished up one yesterday, we spent two, three hour sessions together and got through all of the questions and, and

then I'm sending them a list of things that we're gonna need to look at. And the output of that is a 40 to 50 page document that tells you what you're doing really well. Now what you're not doing well, what needs to be improved and the things that we might want to tweak, right? And it gives you kind of a, we call it a heat map, right. Of those areas.

Tom Bronson (59m 3s):
Cause it's all color coded and by department and we tell you how ready your business is today. If a transaction came today. So it's a snapshot in time. The other thing we give with that in that assessment phase, the transition readiness assessment is a opinion of enterprise value. We tell you how your industry is trading. We tell you how, how those numbers then apply to your business. And we give you, we say, it's trading in this range, but here's the value we think it is. And here's why, and we give you a specific things that you can go take action on. If you want to move that needle, the, the, the second piece I'm giving you a way more elaborate answer, I think, than what you were looking for.

Tom Bronson (59m 44s):
But, but after all I do on the podcast, and so I can keep talking as long as I like you just hang up when you're done listening. So then we can, because once you understand where you are today, that's that whole understand where you are. The second piece is figuring out where you need to be, right. And that's what we do. And our second step of our four step process, which is what we call the roadmap for value acceleration. We help you understand what that number needs to be. And because we know where you are, we can build the bridge to get you from where you are, to where you need to be. That is the strategic plan that I'm talking about. That tells you specifically what you need to do in order to achieve the value that you're looking for.

Tom Bronson (1h 0m 25s):
Step three is just the relentless execution of that. By the way, we give it to you in a work plan. Right? Think of it as like, if for our listeners who know and met, most of our listeners would know the entrepreneurial operating system, you know, the book traction by Gino Wickman, they organize in quarterly rocks. We do the same thing every quarter for the next X number of quarters. This is what needs to happen. Now, we don't tell you how to do it, but we tell you what needs to happen. And it's in order by dependencies so

that you know how to get your business there. And so then you go out and you relentlessly execute on that strategy, which is easier said than done. Cause you know, we're all caught up running our business every day and then step four is you're ready to transition.

Tom Bronson (1h 1m 9s):
So, so you know that that's the advice. The advice I would give is reach out to us. It doesn't cost anything for a, for a, for a phone call, right? I I'm on the phone every day with business owners, just talking through what we do and understanding their business and someone can help. And frankly, there are some that we can't help, but, but it's worth having that conversation. So, so that's what, that's, what I would say is the advice that I would give for a business owner. That's looking to transition, understand what it's worth now, whether it's us or some other firm or some other way to understand value, find out what it's worth, find out what you need and then develop a plan to get there.

Jim Roddy (1h 1m 50s):
Yeah, no, I like that because you're talking about, get a reality check and reality check doesn't happen between your ears or asking your partner or asking your life partner, right. Or asking a buddy there's a thorough analysis that needs to be done in order in order to transition. So I'm curious, I didn't ask, you know, after you sold diagnostic imaging, what did you do after the sale? What happened after that closed?

Tom Bronson (1h 2m 13s):
So I actually went to work for the company and that's where I bought 72 more companies using that same methodology that they used. Right. And, and rolled up that industry. We actually turned to the, our $60 million business into a billion dollar business. And at that point in 2000 was when I, I realized that I had two small children, there were two and, or I'm sorry, four and six at the time. And I literally spent 240 nights in a hotel in the year 2000. And I said, something's got to give, I don't even know my kids' names. Right.

Tom Bronson (1h 2m 53s):

And, and I don't see my wife. I literally only saw my children on the weekends and only some weekends because I did travel on the weekends. And so I was top tier on every airline on the planet. Right. You know, and, and by it, by anybody else's litmus test, you would say, gosh, what a wildly successful guy flying, first-class eaten three great meals at wonderful restaurants, entertaining people all the time. You know, working in these different locations, going all over the planet and internationally. And, but it's only glamorous to somebody who's not done that. Right. And so, so I realized that I needed to take a step back.

Tom Bronson (1h 3m 34s):
And so I ultimately left the company, took a, took a package and left the company. And 2001 in March of 2001 and 60 days later, I bought the company that became ultimately Granbury, which is what you referenced earlier. The, the industry that we both worked in, which was the technology for restaurant retailers and wineries. But I bought that tiny little company diamond touch and ultimately turned it into Granbury through a series of additional acquisitions and sold that three years later.

Jim Roddy (1h 4m 10s):
Fabulous. So that takes us up to just recently, cause he sold that, you know, so Granbury recently, what are you doing now? This is, you know, you sold your business. You've alluded to mastery partners. What other color would you add to folks?

Tom Bronson (1h 4m 22s):
Jim? That's probably the dumbest question I've ever been asked. You're on my podcast interview.

Jim Roddy (1h 4m 28s):
I'm more I'm asking on behalf of the audience. I mean, I know the answer to the question. Yeah.

Tom Bronson (1h 4m 33s):
Oh, got it. Yeah. So that's what we do at mastery partners. What I explained earlier, kind of that four step process. What we do is we help privately held business owners,

develop and execute an exit strategy. That's what we do all day long. We almost invented this space because there wasn't anybody who ever served this space before. In fact, this company, this business that I've created a mastery partners was born out of my own frustration because it was nobody to help me do the things that we've had to do throughout all the years. There was nobody that would tell me what's wrong with my business. Tell me, you know, what, what do I need to tweak? How do I automate things?

Tom Bronson (1h 5m 14s):
What do I, what is this recurring revenue? How do we build stuff? There was nobody who was telling me, here's how your industry is trading and here's how you can improve value. And so we said, well, geez, we've developed all these processes on our own by hit or miss. And by the way, everything we do as a result of making, doing the opposite at some point in the past, right, we've made every mistake that's possible. And, and we've learned from those mistakes and we've created our own intellectual property. The tra the transition rate is assessment and the roadmap for value acceleration that we use now, as tools with our clients to help them understand their value and to help them understand what an exit looks like, how it feels.

Tom Bronson (1h 5m 59s):
And then we lead them down the path. You know, the, the, it gives, I had a conversation with a client yesterday and the value of his business since he started working with us a year ago has doubled because he's latching onto the things he said to me that I'm focused on the business. Now, the businesses is running better than it ever was. I've we, we have processes in place. I can, I can step away. We've cleaned up our financials so that they're understandable. And as a result, you know, the business is more valuable today than it was a year ago. And he said, Bronson, send anybody my way. I will give them a testimonial.

Tom Bronson (1h 6m 40s):
This is well worth the investment of my time and my money in order to get this business in the right direction. I got to tell you those kinds of conversations, just jazz me. I hear those with our clients all the time. It's make investments in the business. And this is a great place to be able to do that so that you it'll benefit you in the long run. You get that

satisfaction of knowing that your business is going to be ready. So take the time to go out and do that. That's what we do at mastery partners.

Jim Roddy (1h 7m 11s):
You have business owners and business leaders are always told, stop, just working in your business, work on your business. Then they carve out the time to work on their business. And they're like, what do I do now? Right. And so it sounds like you give them the guidance in terms of what you need to do to work on their business and, and maximize the business value. So, all right, one last question, because this podcast is all about maximize business value. What is the one most important thing you recommend business owners do to build value in their business?

Tom Bronson (1h 7m 38s):
So I knew you were going to ask me that question, because I've asked it the, you know, dozens and dozens of times with other folks. And I vacillate on the answer, but I think ultimately the answer is get ready sooner than you think, right? You never know, and you never know what's going to happen. Life happens. You never know if something's going to happen to you or one of your key people or an offer's gonna walk through the door or, or, you know, you become disabled and can't work or worse. You know, the death an owner is a terrible thing, right? Because it passes on to the next people who are probably not prepared to handle the business.

Tom Bronson (1h 8m 22s):
So I say, get ready sooner than you think. Even if your business, if you're going to hold your business for 20 years, that's fine. Understand what your exit value or exit needs to look like, start preparing for it now. And that kind of starts with getting a valuation on the business, understand that value. So if I could twist it into two things, it's be ready early and, and understand the value of that business. They've heard that now, like three or four or five or six times on this podcast. So maybe it'll start sinking in,

Jim Roddy (1h 8m 55s):
As you're maximizing your business value. Your business gets, I don't want to say easier to run, but it'll run smoother. You should have more sales, more profits, right. As you're

doing all those things to your life just gets better. And you're prepared, like you said, and for whenever that day comes or wherever you want, that that data com

Tom Bronson (1h 9m 10s):
The most common things I hear from our clients is that I'm having more fun in my business. And I'm making more money in my bid. My business is becoming more valuable. I, and I'm, it's more personally satisfying that that is a wonderful outcome for us, right. That is the most common thing we hear a year after we're working with them. Gosh, I didn't realize that it could be this good and this fun now I don't want to sell it. Okay, great. Then, then continue to harvest. Right. And so go out there and do your thing, but yes, it, it actually does become more fun. And you said you don't think it makes it easier. I really do think it does make it easier because even if you have processes in place for how you make decisions, right.

Tom Bronson (1h 9m 54s):
Then that makes the decision-making easier. It doesn't become thrown a dart right. At the, at the board. So, so I do think it actually does make running the business. He doesn't make the business itself. Yeah. But yeah, but it makes it easier and, and you can see all the way through the tunnel and see the,

Jim Roddy (1h 10m 13s):
Yeah. I would say getting back to the systems part, you know, you don't have to start the next year with, oh, we're doing this thing again. Let's start with a blank sheet of paper. How did we do that? Like to me, that just, I want to throw myself on the floor. Like, it's so much better to say, what did we do before? Here are all the things. Here's some tweaks we can make. Oh, we're done. Right? Like, remember last year, this is so painful to figure out. So yeah. Hugely, hugely in favor of that. All right. I said, that was my last question, but I have a bonus question for you. So what personality trait has gotten you into the most trouble over the years?

Tom Bronson (1h 10m 43s):
And I was hoping you'd come up with a new one because I have a laundry list. How much time do you have?

Jim Roddy (1h 10m 49s):
I'll just put my headphones down, walk away, hit the restroom, grab some lunch, come back.

Tom Bronson (1h 10m 53s):
Yeah. I was suspecting that. You might ask me that question. Cause I've put you on the spot a couple of times with the very same question and it's, I didn't realize how hard it is to answer, but I think if I had to pick one thing, it's that something my mom said to me, when I was in junior high school, she says, you just, she says, you see things that others don't, you, you have the ability to, you see a tiny little change in something and you register that and it leads you down a path toward a conclusion.

Tom Bronson (1h 11m 34s):
Right. It was why she said, I could never, she said, I could never surprise you because if I was trying to surprise you, that meant I was doing something different and you would notice that and pick up on it instantly. So, so I think the thing that's gotten me into the most trouble is, is knowing that that is one of my superpowers. The first change I see it changes the outcome. Right. And I, and I see the path all the way down. I'm not always right, but I am always stubborn. And so, so, so I might predict something or get real stubborn because I've seen something that, that I think that is changing the outcome and, and get very direct and stubborn about it.

Tom Bronson (1h 12m 20s):
And it, and it, it causes me to be, I'm not a good, stubborn person. I'm argumentative. I, I want people to see it my way. And sometimes that makes me close off then, and ironically having that superpower and then coupling that with the stubbornness shuts off my intuition to see other changes. Right. And so, so I, I think if I had to boil it down to one thing, it's I dig in my heels too much because I, I do see things that other people don't see. And I just get very stubborn about it. And it causes me to go down sometimes some argumentative paths where I've had to go back and I have had to learn how to apologize.

Tom Bronson (1h 13m 4s):
Oh, it's like the bile rising in my throat. Right. I was wrong.

Jim Roddy (1h 13m 10s):
Yeah. You're like Fonzie that episode of happy days where he couldn't say he was wrong. And it was, I was just like Henry Winkler, the Fonz.

Tom Bronson (1h 13m 18s):
Well, that's it that's exactly by the way, how I apologize. I go, I was wrong. And so when you hear that, you know that I know that I was wrong, but it's just really hard.

Jim Roddy (1h 13m 30s):
Wonderful. Well, Tom, it's been great talking to you. How can viewers, how can listeners get in touch with you?

Tom Bronson (1h 13m 35s):
Well, right. Where you found this podcast, then you can just click any one of the links there. Of course, I have a couple of websites that I want to mention. It's mastery partners, master with a Y mastery partners.com. There's a link on that website that right at the very top of it, it says, schedule a call with Tom. It takes you right to my calendar. And you can drop in for a 30 minute or a 45 minute call directly with me at your leisure. And so go and do that. Another website that you can go to is Tom Bronson speaks.com because I do a lot of public speaking. I talk about not only my book, but other topics, you can see all those there.

Tom Bronson (1h 14m 18s):
You can also link to me there. And so you can do that. And MBV maximize business value, MBV mastery class, it's our masterclass.com. You can go there and get in touch with me. So three websites that you can go and find me, or you can just email me at, at tom@masterypartners.com. My cell phone is right on the website. You can go find it. There it is. I give so many ways for people to get in touch with me, cause I want them to be able to do that very easily. You can call my cell phone, call me on on Saturday night.

Tom Bronson (1h 14m 58s):
Probably won't answer, you know, but, but call me whenever you want to.

Jim Roddy (1h 15m 4s):
Well, Tom, thank you very much for being our guest today. And thank you for letting me host your podcast.

Tom Bronson (1h 15m 10s):
Well, thank you in return. You know, I think I might name you that Jay Leno, perhaps now you're, you know, cause Jay Leno was the permanent guest host for Johnny Carson, right? For those of us who are old enough to remember Johnny Carson. And, and so you've done such a masterful job with this. I think I'm going to name you my permanent guest host. Are you open for that?

Jim Roddy (1h 15m 33s):
Well, I appreciate that if it leads to as many cars as Jay Leno has the classic cars, the garage is full of them. I'm happy to go down that path.

Tom Bronson (1h 15m 40s):
I'm sure that hosting my podcast was how he got his launch. Just trust me on this.

Jim Roddy (1h 15m 48s):
Yeah, no happy to do a Johnny Carson. Never heard the word podcast before this from, from ages gone by so well, like, like Tom said, you can find them at masterypartners.com. And of course, if you'd like to connect with me, you can find me on LinkedIn or you can email me at Jim@Jim Roddycba.com. That's J I M R O D D Y C B a.com stands for coach and business advisor. And if you do that and mention this podcast, I'll send you two free chapters of my book, the walk-on method to career and business success. So again, Jim@JimRoddycba.com. Again, 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.

Jim Roddy (1h 16m 30s):

Be sure to tune in each week and follow maximize business value podcast, wherever you found this episode and tell your friends about the podcast as well. So until next time Tom is back in this chair. I'm Jim Roddy, reminding you, it's never too early to start planning for your ideal desired exit strategy while you maximize business value.

Announcer (1h 16m 52s):
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 that's master with a Y masterypartners.com. Check it out.

Tom Bronson (1h 17m 37s):
That was perfect. I wouldn't make any changes.