



## MAXIMIZE BUSINESS VALUE PODCAST - EPISODE 53 Transcript

Announcer (4s):

`Welcome to the Maximize the 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):

This is Tom Bronson and welcome to maximize business value. A podcast for business owners who are passionate about building long-term sustainable value in their businesses. This week's episode marks the one year anniversary of the release of our first podcast. Man, a lot has happened in the last year. Thank you to all of our guests, for sharing their expertise and insights for business owners to maximize business value. You probably already know that each week I asked the same question of our guests. What is the one most important thing you recommend business owners do to build long-term sustainable value in their businesses?

Tom Bronson (1m 19s):

To be perfectly honest, when we started asking that question, I just thought the guest would say something about the topic of that podcast, but many of them and have surprised me with answers that I just didn't expect, but I can tell you that it's been your gold. So today we look at all of the answers to that question, and here is a snippet from every single interview. So let's take a look back at dozens of things you can do to

maximize your business value. Let me warn you. You might want to take some notes on this episode while you listen to our year in review.

Mark Mitford (1m 57s):

The one thing is, is create to grow, develop, and really nurture, have really, really good leadership team. So if you're going to spend any level of money within your organization, on your people, one of the key things where you're going to get the, where are you going to really get the most ROI from anywhere within your organization is to have good leaders within your organization who are really, they're not, they're walking the talk of your culture and your core values, because if you have a toxic leader within your organization, they will. And I know, you know, you'll smirk and I'll smirk, cause I know there's, there's a few individuals which we could have stories about after this.

Mark Mitford (2m 40s):

But if you have a toxic leader who is doing everything that is counter-cultural and perhaps even undermining the CEO or is doing things that are very inappropriate within the organization, that leader is going to create so turmoil, They're going to drive good people to leave the organization and they're going to take their, whatever the, whatever positives happen is going to be whatever positives the CEO tries to do that person's probably going to do. So it's one step forward, two steps back. If you have a person who is a poor leader, who is solidly against the culture and is doing everything they can to drive the culture down.

Ladd Hirsh (3m 25s):

Well, it's hard to give one answer to that because I think it differs depending upon what your business is, but I guess my answer would be, is don't think short term think long-term and what I mean by that is develop a vision and, and frankly, it's get some to do that. Vision is I would not just be relying upon my own resources. If I was going to give one piece of advice that business owners, it would be get outside input, whether that's joining Vistage or YPO or Y E O or hiring a coach, get some other folks because it's very hard. If you're just feeling like you're in a bunker to be able to develop that long-term vision yourself.

Ladd Hirsh (4m 12s):

And I would say, get a team of outside people that you can trust, who will give you some honest feedback and what the successful business owners I've seen are ones who were not myopic and only looking at it in their own bunker, but were getting input that really helped them grow their business and develop a longer vision.

Larry Lane (4m 29s):

Some point look at getting their business valued of proper business valuation because we see so many owners who have no idea. They think they have an idea, but they do not have a real practical idea of the business, the value of their business. And so, you know, they get to the point Dan's talking about, which is I want to sell tomorrow. They've had it for 25 years. They think because some friend down the street or whatever, sold their business for \$10 million, that that's their retirement and their business. They live the same lifestyle. Their business must be worth \$10 million to, although it's a completely different industry, a completely different success rate, a performance level and all that.

Larry Lane (5m 15s):

And when you value their business forum, they're literally in shock and think you're crazy. And, and it's, it's a situation that makes it very difficult because they can get 20 valuations done. And anybody who knows what they're doing is not going to give them what they wanted to hear. And it's, it's really there that are well served, or if they will just do that, even if they're not thinking about it for five years or 10 years, because they'll at least then know, well, this is how it works. This is how the valuation process works. And they can then know what to strive for, with help from guys like you to get to that level.

Lindsay Polyak (5m 60s):

Conversations about this stuff are always complimentary. So take 20 minutes to have a conversation, to see if you're sitting on money.

Susan Steinbrecher (6m 9s):

Get your bench strength together, talent, talent, talent, you are not going to be able to do it alone. You are going to need to have the right players on the bus, sitting in the right seats, right? It's that concept because without that talent, you really cannot grow a

business. It will not be sustainable. So get your talent squared away. To me is the number one thing. The rest just start to take care of itself in terms of obviously if you're a decent CEO, you're a business minded. You're looking at building a practice. You're, you know, you're doing all the other things obviously to sustain a business, but the tallow will talent care of a big part of this for you.

Susan Steinbrecher (6m 49s):

If you get to the right folks in place.

Jim Brewer (6m 52s):

You have to get yourself, your personality out of your business in order to be able to sell it. You really have to develop the leadership team too, to have the company really have inherent value for the purchaser of the business, as long as it is just you, as long as it is all commanding control, as long as it is the magic of the moment and not a process and a, a series of, of repeatable processes, you'll never get the value for your business that you could

Michael Rose (7m 31s):

Finding your aha moment. You know, there, there is an aha moment in your experience funnel in your, in your, the, the experience that your ideal customer goes through from attraction to referral is, is, is very important to find that aha moment. Where does it happen? Does it happen in the marketing process, the sales process that happened when they've been with you for three months and have bought the product three times, wherever that aha moment is, is generally tied to your value proposition, to your unique value proposition. In general, if you have a must have product, you do have an aha moment. If you don't have the aha moment, maybe you don't have a best have product.

Michael Rose (8m 12s):

And if you, that is something to reconsider and now's the time to be doing that. But looking at that experience, funnel, finding that aha moment and then developing dashboards and reporting around the metrics that are driving the business is just really important because then marketing and the orchestration of other departments can get

to work to improve those metrics in order to really just create massive growth for your company.

Ken Huffman (8m 41s):

Protect the cash cow, protect the business that you already built, right? And you can do that through a captive insurance company, and it's going to build even more wealth for you. So you want to protect things that maybe you're going to sell in to five years, Make sure it stabilized, nothing crazy happens to it so that you can get the most value out of your business as possible. And a captive insurance company is going to do exactly that

Charlene Aldridge (9m 8s):

We believe the number one thing companies should do is to clearly understand its priorities, because then you can read the greatest impact for success. We see all the time where companies flitter around different priorities, depending on the day of the week or time of the day. And they just don't have clarity on what they are, what they want to accomplish, where they want to get and how they're going to get there. If they understand that that's the foundation for moving forward.

Todd Hunter (9m 43s):

Well, and, and, you know, I know each of us could tell probably 50 stories about being in an off-site strategy session and how fun it is and how engaging it is and how blue sky we all thought about all the great things for the company. But just what Charlene said. I mean, there's still that down to what's critical and put a plan together around working through your critical processes, working through your critical priorities. And if a company knows this and they know where to put their energy and resources, you know, they'll definitely know what needs to be done first, what processes need to be documented first? Why do those need to be documented first?

Todd Hunter (10m 25s):

How's that implementing where we want to go as a company, how we want to grow, how we want to supplement that strategy that we all feel really good about. And, you know, Charlene said in the past, and I've, I've, you know, learned from the master that this is not

the sexy stuff, right. But it's a very essential thing. And I think that's what makes it most critical.

Sheila Henson (10m 48s):

Definitely communicate, talk to each other, sign to each other, write to each other, however you need to do it because anything that you're holding back is going to be affecting the business and affecting you, whether you want to admit it or not. I learned something from my friend, William Larson. Who's incredible facilitator that you should have a space in any meeting, not any meeting, but in certain units for awkward conversations. So I'm on the board for rewild Portland and every board meeting. We have a spot on the agenda for awkward conversations where we can bring up anything that's sort of been eating at us, which could be something like, I don't agree with that decision that you made, or it could be your natural deodorant is not working as well as you think it is, whatever it is, but creating a space for communication, I think is going to be the thing that will affect how your communication works the most, which is going to affect how your business runs the most.

Sheila Henson (11m 43s):

And so that I think is the most important thing.

Jason Forrest (11m 46s):

I would say. They need to do some very strong soul searching on, on why is my product or service truly Better. And I would do a little, like I'm going to bring my mom out right now. Okay. So my mom's 78. Again, she was on the first team for North Texas to beat Harvard and national debate. She's an amazing debate teacher, amazing speech teacher. And what she taught me when I was a kid is in debate. It doesn't matter what you believe. It matters what you can prove in a court of law. Right? So, so, so many times I ask business owners, I'll say so great. So tell me, you know, so you're charged \$20,000 more than XYZ competitor. Tell me why, you know, and then they, they just give me some yacky answer.

Jason Forrest (12m 30s):

Oh, we're better quality. The other day I was talking to someone. I said, you do realize that Walmart says their quality, the lowest priced option. I promise you says, says quality. Oh, we're built where, you know, we've got great. We've got a 30 year, 30 year family heritage. Okay. So do they, you know, like tell if you're \$20,000 more, then you better be able to prove in a court of law, what is the evidence to support it? You got to tell me why and prove it. Not just on your yacky belief system.

Susan Bryant, CPA (13m 1s):

Get off of autopilot. So look at everything in your business, look at where your money is coming from. Look at where your money is going. Look at your customers, look at what you're doing. Look at systems. I mean, be relentless in constant improvement. You know, self-introspection about where it is. You're going, what is you're doing? And get off of autopilot.

Cleve Clinton (13m 22s):

I think the client should be considered having retainer agreements, having an understanding with a lawyer that is the general counsel type that you've talked about and let the lawyer understand your business, encourage the lawyer on their own time to come out and spend a day with your business in a day, half a day, with each of the principles which I've done in the COVID has given me that opportunity in the last couple of months and by doing so, the lawyer understands you and your business understands where you want to go and understands where some of your mind fields might be. So that if you've got a contract to be signed and you, and you say, well, you know, T clave, would you look at this and spend 15 minutes and spend some time looking at this?

Cleve Clinton (14m 7s):

And I can say, sure, no problem. That goes on your retainer and I'm going to, and I'm going to keep track of the time I spend on your retainer matter, but you're not going to get a bill for it. That's part of your flat monthly fee. And so in doing so, you've kind of prepaid for it and knowing that you've prepaid for it, you're a whole lot more willing to give me a call and say, Hey, what do you think about this before I sign it.

John Gorbett (14m 36s):

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

Jim Roddy (15m 16s):

Yeah. I think it ties in with the, the books that I've written is invest in your people, right? Hold out to hire the best. Don't just hire the least worst person who applied for the job in the month that you had an open, right? And then once you hire those folks, spend time with them, educate them, right? Make sure you have the long version of the story. Not just here's some tasks to do, go do them really teach them about the business. Really learn from them, really expose them to other trainings, other books, other learnings. And then as you continue to build them up, you can delegate to them. That's hard to beat, you know, going back to the whole sports analogy. If you've got the players, right, you're going to win a lot of games.

Jim Roddy (15m 56s):

So same thing applies to business. If you go out and get great people and you really invest them and make them better every single day and give them the opportunity to do the job, that to me, is how you're going to have a very valuable business with a very valuable team.

Dean Ash (16m 12s):

Build your, your organization or leadership team, such that you can start elevating yourself to a, to a spot where you can work. You're working on the business versus being mired in, in the business, right? And so defining those, the functions of your business, clearly defining the roles and responsibilities of each one of those functions and, and either report a hire to empower whatever that is, those individuals to operate those roles and inside of those roles or responsibilities. So that the company, when you



decide to, to walk away from it in whatever shape, form, or fashion, the company will thrive and not miss a beat,

Rich Russo (16m 59s):

It's worth the extra time to bring a diverse group together. And it's worth the extra time to figure out how do you unlock the key character strengths that each person brings to the table.

Gerald Parsons (17m 10s):

If you have a, if you've invested in your employees and businesses is only as good, obviously as its employees and how they perform and how they feel connected. It's very difficult for owners today to create an intrinsic value in their, in their employees. But that's why we call it ROI return on individual investment. So what are we doing to maximize our values based on what we're putting into the lives of our, of our employees and investing in them. That's why so many DNI folks and learning officers and CHROs are out there beating the bushes for technologies and methodologies, like what have so that they can bring it into the lives of these people.

Gerald Parsons (17m 55s):

What happens to that is that their team becomes more cohesive, more con, more productive and there, and things like turnover starts to dissipate.

Michael Orr (18m 4s):

I think it's to get the most maximize the value out of your marketing and your sales is to make sure you get your, your messaging down, your positioning, your branding, kind of all synonymous, because I think that makes everything, you do that much more effective to me. If you take a minute to do that and then apply that to what you're doing and hold yourself to it, because you know, a good positioning is, is a benchmark. When somebody has a, you know, let's face it, everybody's a marketing person, right? Everybody can do marketing. We in, in big corporate America, we put people out to pasture in marketing, and everyone can do marketing, but, but you know, you, you, when you come up with your, with your brand and hold yourself to it, it's a benchmark to assess things that are put in front of you, right?

Michael Orr (19m 2s):

So if someone comes up with an idea, the first thing you want to do is is it, does it support that positioning or not? It's something to keep everybody heading in the same direction and a way to say great idea, but it doesn't fit sort of our overall messaging. It might be a sales training thing or something like that. It might be a piece of something else. So not only leveraging the value of your marketing, it's it? I think it just sort of helps the whole organization move in the same direction.

Bob Gibbons (19m 33s):

Well, spend as little money as possible on rent or ownership of a building that you're not buying. I mean, that it's real estate is a necessary evil that is required to accomplish business goals and objectives. In many cases, that's all being reconsidered right now. So all I'm saying is that you don't don't spend more money than you have. So how can you best minimize that expense while maximizing the value and the return on investment from that? And, and this is going to sound incredibly self-serving, but the best way is to hire a tenant representative to help you do that. Because, you know, if I'm going to go do my taxes, I'm not going to do it myself. I'm going to hire an expert to do that.

Bob Gibbons (20m 16s):

If I'm going to, you know, think about selling my business at some point in the future, I'm going to hire somebody like Tom Bronson, because he knows things that I don't know. And, and so, you know, hire experts that know things that you don't know or that you don't have the time or desire to deal with. So, you know, our job as a tenant rep is to save clients money, save them time to give them expert advice. I mean, they typically sign a lease once every five years a landlord is doing it thousands of times a year. So you're outgunned don't ever Go into a negotiation where you're out gone, knowledge is power. Make sure you have knowledge on your side. And the best way to do that in real estate is to hire somebody who has that knowledge, that's assignment, a lot of other circumstances as well.

Dan Shulman (21m 5s):

Empower your innovators to innovate, right? I mean, it's, if you do them and you build that culture of innovation, you will get value for your innovation. And if you're not getting value for your innovation, it is really expensive to innovate. If you're not getting value for it, I'm sure there's a lot of other things to build sustainable business, but, you know, I'm an IP lawyer. So it's sorta like, you know, to, to the hammer, every problem looks like a nail, but, but I'm going to tell you that from my perspective, getting value for your innovation, and that means building that culture of innovation. And in time, I love that you've given that speech I've given it to, from the IP lawyers perspective, how to build that culture of innovation it's critical.

Dan Shulman (21m 49s):

And if you do that, you'll find value.

Cleve Clinton (21m 52s):

Have your annual meeting report of what the company has done this last year in ways that will be useful to you down the road, whether you're selling your business or dealing with what later becomes our rate owners and evaluate what your opportunities are.

There's a lot of opportunities out there at any time. There's that this kind of chaos intersecting with stability in the middle of all, that is a lot of opportunity for creativity and a lot of opportunities for growth and redirected business profits. So good luck and seize the opportunity while it's there.

Susan Bryant, CPA (22m 28s):

I think this year more than any other year, it is important to make sure you have chosen the right advisors to surround yourself with. This is really important, whether it's a financial advisor who can help guide you and direct you, you know, on your investments or personal or in the business to make sure you're, you're only taking the amount of risk that you are willing to take on the accounting side, that you are working with a tax advisor who is up to date with their knowledge of the law. Did they spend time being educated and learning and working with the same type of clients that you are. And then on the legal side, making sure that you have someone who is in your corner really advocating for your business in terms of how it's structured and making sure that all of these elements, and then of course, Tom, other business professionals like yourself,

making sure that you're thinking about long-term planning, you know, have you have a sales and marketing strategy?

Susan Bryant, CPA (23m 21s):

Do you have HR resources mean so many advisors that you need to be surrounding yourself with? Make sure you got the right team

Oliver Cone (23m 30s):

Long-term sustainable value translates to building something that can grow, live and thrive without you as the owner and the founder, right? And a business that can see where it's going at any point of time and can adapt when needed and justified by the business. So to me, that means investing in know the best people, the best systems, the best processes and documenting. There's another thing you've talked about documenting this process. So it's not resonant in one person's tribal knowledge, it's an enterprise thing, and you're really building a true enterprise there. And I think the line often said is, you know, success for business owner is being able to, you know, walk away from the business and it's still being surviving without them.

Oliver Cone (24m 11s):

And there's a lot to be said to that. Cause I think, you know, the value that you are creating, this is then transferable just gives you options. Doesn't mean you have to walk away. It gives you options that someone else could come in. And then my, my freebie, because everyone says, this is the coaching is really important. And it really is, even though it sounds kind of hack, you know, I think about all clients who are kind of mid-sized businesses in very large competitive markets, and somehow they've carved out a niche and somehow they're generating above average margins and making a very good living. And they built something of real value, even though there's a huge guy down the road, right.

Oliver Cone (24m 51s):

That's competing for that space. And I think a lot of it comes down to culture that if you've built and it changes what that culture is, depends on the people, the industry, what part of the country you're in. But as long as it's every client we work with, it feels

like there's a very clear and honest and consistent and a reinforced culture, whatever that is that makes people want to work there want to stay there, makes it easier to retain and recruit the best talent and, you know, ends up coming through in the profit margins and in customer relationships, customers that really want to stay with you. And that's again, as part of that transferable value, right? Those customer relationships,

Rich Cavaness (25m 31s):

Culture is really important. And I think you'll admit to me, admit to Tom, especially as people are looking at maybe selling or even buying a business culture is really important. And if you're buying a business where the culture has been very negative for years and years and years, you literally have to have a fire sale on that thing to actually resurrected. It's very difficult to resurrect a really negative culture on the, on the flip side, if you've got good staff, they they're excited about their work. You've got managers that love what they do. And, and th there's just this culture of gratitude and just respect and everything. It is unbelievable the value that that brings to the business.

Rich Cavaness (26m 15s):

So I'm real big on, you know, culture. And then as far as staffing goes, I think it's really important to make sure that people have what we call your KPIs. And that's, you know, making sure that you, you, your key performance indicators, key performance indicators, so that everybody knows exactly what they need to do. One of the biggest things I see in businesses is that they have people floundering because they're not really crystal clear on exactly what they need be doing and then compensating them off meeting those key performance indicators.

Rich Cavaness (26m 56s):

So you're actually building into your culture performance-based compensation, which is really exciting because when people start to get excited about earning more income than they don't the base salary, isn't as important as all the other income they can make from meeting their KPIs. And then the other thing was know your numbers. And this is one of the things that I've really had. Tom Bronson is probably the man when it comes to numbers, I've learned a lot from him, just, just partnering with him, just not too long, but know your numbers. You gotta know your sales numbers, your ROI compensation, you

just, you need to know everything your business is doing, and you need to really make sure you're crystal clear on numbers because math is basically what businesses about.

Rich Cavaness (27m 37s):

I mean, you gotta be good at math. You gotta be able to understand the basic numbers. And then I really want to encourage business owners to spend 80% of their time doing strategic, strategic thinking and, and growing their business too many business owners spend too much time in the business. And whereas, you know, I really want you to be thinking about what you can be doing to taking your business to a whole nother level, and which is really what the E-Myth is all about. Right. You know, that is really about being the master of working in a situation where you're, you're helping your business to keep growing and expanding and, and, you know, improving.

Rich Cavaness (28m 22s):

And that that's really as a, as an owner, that's, that should be your, one of your top priorities to be spending a lot of time doing that.

Steve Meek (28m 30s):

I think it really goes back to, you know, taking control of their data. You know, the, the, of all the technology that you have in your business, you know, the only thing that's really going to separate you is that data, you know, if you're, if you're looking for, you know, merger acquisition or, or something of longer-term value, a lot of your corporate value is locked up and, you know, wants in your data. You know, either they're, they're buying your list of customers, they're buying your, your technical knowledge. They're buying your into all the intellectual property, your specialty designs, whatever it is, but realize if that's all your value, you've got to protect it. You've got to mind that you've got to understand it.

Steve Meek (29m 11s):

You gotta be able to control it. You gotta be able to protect it. You know, all of those kinds of things, you know, it all hinges around your data. But you know, a lot of times when I talk to owners, they, they just don't know where the data is and know I've got servers, but I don't know where my data is at, or I think I've got servers, but, you know, your data could actually be stored in the cloud, you know, on one drive or some other

shared application. You know, when we, when we take on a new client, one of the things that we do is we try to find where is all your data located? And in some cases got, you've got like a really super, let's say, like a sales manager, someone who's using some application that's that the owner didn't even know about, but only through our questioning and, and processed, we find out that, Hey, this, this data that's really critical to the organization, their CRM isn't even on their servers.

Steve Meek (30m 3s):

It's something the sales guy is doing because there were issues and he wanted something that he could control. And, you know, he's not trying to do anything wrong, but just understanding where that data is and where it lives. You know, that's so important to the owner because as you go through your due diligence process and they try and track those, those things down, it may find out that, you know, it's not where you expect, or you don't have control, or, or maybe through the, through the M and a process, somebody leaves and you lose access to that data. You know, all of those kinds of things are things that, you know, they'll get found out the due diligence process, but you'd rather know that before you go through that, through that process. So knowing where your data is, where it resides, how it's protected, how it's controlled, all of those kinds of things always think of your business from a buyer's perspective.

Bharat Kanodia (30m 53s):

So if you were to vanish from this planet tomorrow, can the buyer run your business without you? And if you think he or she can't, that's not a good sign. If they need you to run the business, they're not going to pay you high enough for the business. If you can establish that they do not need you for the business, and they can enjoy that consistent cashflow and let the business still run on autopilot, that business has value. So the closer you closer to get this, now you may not be able to get to it a hundred percent, right? Nothing runs a hundred percent on autopilot, right? Or no, cashflow is a hundred percent consistent, right? But the closer you closer to get to it, 70%, 80%, 90%, the higher, the value

Chris M. King (31m 40s):

Challenge, your assumptions, you know, challenge where you think you're going to be in three to five years challenge, what you think is valuable in your business right now, you know, what does the future value look like? You know, I, I think there are so many ways. If, if you are not continuing to build your business and create an innovate while you're trying to get out, you're not going to have something worth having when it's time to get out. Cause it'll be obsolete. The technologies that we, that we're designing right now are even obsolete. You know, we're looking at, for example, I'll go back to the, you know, the air force, we're up to six generation fighter jets now.

Chris M. King (32m 20s):

And the ones that are, that were in development, like if we're not thinking about seventh gen already, they're going to be obsolete by the time we produce them. So it, it really is about how do we continue to make sure that we create so that whatever we have in three, five, 10 years from now has even more value.

Dr. Jill Olmsted (32m 42s):

I think I would recommend going back to what Jim Rohn said, you're the average of the five people that you spend the most time with. So make them good. People find an accountability, tribe, peers that you trust, people that understand what you're going through. People that aren't afraid to hold your feet to the fire. When things get rough and people that are going to help recognize your blind spots and call you out when you're not making decisions with the best interest in mind, accountability, tribe of folks that will pick you up when maybe you've ran off the deep end and you, and you need somebody to, to save you.

Dr. Jill Olmsted (33m 23s):

I mean, that's what I would recommend to business owners to build their value in business.

Greg Stanley (33m 28s):

Yeah. I'm going to say two, and they're both related. Number one is understand the drivers of value in the business. And what's going to make your business marketable at the end of the day, whether you plan an exit or not in the short term, you plan in the



long-term, you're at least giving yourself options in the shorter term. If you decide to get out of the business, or if you have a health event, or if you get a strategic offer, if PE comes in and offers you a bunch of money, you're giving yourself options and you're giving yourself the ability to maximize the, the takeout of the business. Once you, once you decide to exit, and then once you understand those value drivers, make sure that you make every decision within that business with a high degree of intentionality around those things that are accretive to that valuation.

Greg Stanley (34m 13s):

And I think a lot of business owners, it, whether it's launching a new product line or whether it's sort of tolerating under-performance in certain areas or not understanding where the profitability comes and therefore not being intentional about the decisions that you make to drive value within the business, every decision you make, you ought to go back to the mission of the business and the mission of the businesses to drive value.

Debbie Mrazek (34m 37s):

So, you know, in sales, specifically, many people have heard the ABCs of sales is to always be closing. You know, that's the ABC is of sales. What I really believe the ABCs of sales is to always be caring. So if you own a business and you genuinely, I'm talking about genuinely care about what you do, what you're producing, it's quality, it's the best you care about your people and you care about your customers. I think that is the greatest value you can bring that will pay you dividends year in, year out for however long you want to do it,

Jimmy Curtin (35m 21s):

Invest in coaching. And here's the reason why according to HubSpot. So this is not just coming from Jimmy Curtin. According to HubSpot, if you invest in coaching, you will see a 16.7% return on investment for that time. So can you imagine you can increase your revenue by 16.7% by investing in coaching? I mean, it, that's the one thing I would say to do .

Jason Bay (35m 46s):

This isn't sexy, but this really fits into the theme of your, what you do, right? The business, like the resale value, like how sellable is your business it's systems, man, it's the unsexy part of the business that like every single job you have in your company should have like a Wiki. You should be using some sort of thing with like, here's this person's job description. Here's step-by-step directions for all the tasks that this person performs on a weekly basis with your sales team. It's the same thing. I see this like complete, just winging it with the salespeople that come in and like they wing, they don't have like talk tracks and like emails, templates. It's like really systemizing everything, making sure everything's got a framework that it's got an approach to it that it's documented.

Jason Bay (36m 27s):

All of that stuff is extremely important. You should be able to lose a leader in one department and someone else should be able to come in and pick up right where they left off

LeiLani Quiray (36m 38s):

When it comes to being a business owner, when it comes to being a leader. I think vulnerability is one of the biggest things that you can do with your team. If you are getting, cause listen, we're not perfect. Right? We make mistakes. Most of us, you know, well, everybody does. But if you think you don't make mistakes, you make mistakes. And I think there's something so big to be said about, we don't have to always have a stiff upper lip with our people. We don't always have to look like we're perfect. We can turn to our teams and say, I've made a mistake. We can be vulnerable with them. And in that process, you'll build trust with them. And in that process, they will want to be on your team as well. And I've experienced this with my own team.

LeiLani Quiray (37m 19s):

There have been times where something has happened, where I know I'm like, shoot, like did I, did I mess up? Did I make a mistake? And I will approach them with exactly that like, Hey, you know, we had this conversation yesterday. I noticed your reaction. And I want to make sure that I didn't do anything, you know, anything wrong. Or did I say something that bothered you? Or sometimes they'll say something and be like, shoot,

am I not seeing like myself properly? Like, is there something that I'm doing that I can do better? And in that, you know, you even, you have the ability to really show them that you believe that you're not infallible, right. That you can make mistakes and that it really will garner trust and bond you and your team.

LeiLani Quiray (38m 0s):

And through that, yeah. They'll bend over backwards for you, but that's not, that's what the point of it, but they will, they will, they'll help you and the organization. And because they, they see your heart, they see you and they want to be part of that and help the organization grow.

Michael Puldy (38m 14s):

Know what's important to your company. Know what your crown jewels are, because that gives you the ability to focus on. What's really important to me because people look at, Oh, if I got to build all this resiliency stuff and planning stuff, I don't have time for that. It's like, and I can't afford it. It's like, great. I agree. Don't do that. Just figuring out what the real key key items are, what would really take you offline for five days and really creating your business. So that's one to create a plan and document it. You know, you don't have to create a 50 page, be him. If some of the ages create something relatively small, something that, Hey, here are the steps. Here are the phone numbers of the people to call.

Michael Puldy (38m 55s):

Here's what we want our employees to do. Here's what we want our clients to do. Here's our communication plan. You know, you don't want to be doing that. You know, when the lights are out and then the third item is test the plan, really test it and really understand really where your shortcomings are. And again, it doesn't have to be long. It doesn't have to be a quarterly thing, although quarterly is great, but ideally once a year, if you could test once a year documented, it's great. And then let me just add one more thing, because I think this really adds to the value is promotion of your program, go to your clients, go to your partners and say, by the way, I want to let you know, this is what we do to protect our business, because we value you as a partner and we value you as a client and we're going to be there for you.

Michael Puldy (39m 48s):

And, and by the way, it's more than lip service. And here's why, and, and then ask them now, what are you doing?

Josh Kim (39m 57s):

Yeah, that's a great question. I'd say one of the things that if you're, if you're contemplating an exit and you're wanting to sell it within the next two to three years, one of the things that I can definitely recommend, and I'm sure, I'm sure you tell all your people, this too is as they work with you, Tom, stop running every personal expense to your business. Because when it comes time to going to the lenders, SBA, lenders, they understand add backs, you know, but if you go in there and you're like, yeah, this is my personal cell phone bill. Here's 400 bucks here, 200 bucks there, the, you know, the SB bankers, they just kind of rolled their eyes. They're like, look, what are the top three add back categories that we can actually verify your personal travel meals out. That's about it. You know, if you're running your car, your, this, if you're running every little aspect of your life for your business.

Josh Kim (40m 38s):

Okay, great. I get it. You know, you, you're going to go from a taxable liability of six, \$700,000 a year, maybe down to 300. Okay. But what that's going to do for you on the exit multiple is you might lose a whole multiple and earnings on the exit. So, you know, for the two, three years before selling your business, keep really clean books. You know, obviously it's okay to have an, you know, an add back here or there, but make sure you can just break it down into one or two cleanings,

Gerald McAdoo (41m 4s):

Probably to, to document your processes, you know, understand what your, you know, where your constraints are and identify those as strategies to start to move towards those just as we are doing here in the cashflow, but to really document them, to get, to adjust them there, you know, things you may have done last year that just don't make sense to do, to do now.

Jeff Owens (41m 27s):

Fantastic question, Tom. I would say invest early on in that accounting function. Right. I see a lot of times for organizations tend to view the accounting function as something that they'll work on later on, let me get my business up and running and then I'll figure that out later. And then they get busy. They get more revenue coming in and they're, you know, busier than a one-armed paper hanger. Right. And they don't have the time and energy to invest in that accounting function. And then they come to a transaction and they wish that they would have started very early on with that. So I would say finding that right controller, that accounting manager then move into a controller and then ultimately a CFO or a true CFO position, I think is critical to making sure that you can maximize that value long-term in the business

Jason Luter (42m 18s):

First how do you maximize business value as an owner who's selling your business? Well, it's not just the dollar figure of the purchase price. It's also, what are the terms of payout? Are you going to be able to stick around, like we talked about earlier and, and transition working your, your working years on your own terms and on your own timeline and what are the tax implications? Is it just a single payday or do I have the opportunity as a business owner to maximize the value of this business that I've created on a post-tax basis? ESOP's provided great opportunity there from the employee side and you as a business owner should be considering that.

Jason Luter (42m 58s):

How do you maximize the value to your employees? In addition to the tremendous benefit that the dollar value that's created and built in the ESOP accounts for your employees over time, your employees get to keep their jobs. That's, that's a significant value. I mean, are you creating and adding value with your business? These people, your employees have been with you for a long time and helped you build this successful business, become successful on your own. You get to leave a, leave, something to them, a business behind that survives your tenure with the company that you built for the benefit of, and not at the expense of employees who helped you get there.

Tom Bronson (43m 40s):

So there you have it literally dozens of things you can do to build a longterm value in your business. Thank you so much for tuning in to the maximize business value podcast, where we give practical advice to business leaders who are passionate about building long-term sustainable value in their businesses. We are so grateful to all of our guests, our listeners, and our colleagues for this continued support and interest in our passion to help business owners maximize business value. I'm looking forward to year two, be sure to tune in each week and follow us wherever you found this podcast.

Tom Bronson (44m 23s):

So until next time, I'm Tom Bronson reminding you to maximize your business value.

Announcer (44m 33s):

Thank you for listening to the maximize business value podcast with Tom Bronson. This podcast is brought to you by mastery partners, where our mission is to equip business owners 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.

Announcer (45m 17s):

Check it out.

Tom Bronson (45m 17s):

<inaudible> that was perfect. I wouldn't make any changes on that.