



MAXIMIZE BUSINESS VALUE PODCAST - EPISODE 52 Transcript

Announcer (5s):

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 done 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 mastery partners, Tom Bronson.

Tom Bronson (35s):

Hi, this is Tom Bronson and welcome again to maximize business value. A podcast for business owners who are passionate about building long-term sustainable value in their businesses. This is episode 52, even as I say that I can hardly believe that we've made it through a whole year of podcasts. Look, when we up Now to create this podcast, I told our team that we would only continue so long as we can deliver great content and outrageous value to our listeners. Based on your comments and responses. I'd say we've done that in spades. That'd be clear.

Tom Bronson (1m 15s):

We weren't sure if we'd have enough material to talk about to keep this podcast interesting and relevant as it turns out, not only have we explored a ton of topics, we have also seemingly have an endless supply of experts who are willing to share their knowledge with you. And for that, I am eternally grateful, grateful to our guests, grateful to our listeners and for the people behind the scenes who work hard to put this together each week. It's a lot of work to produce this show each week. And I want to go on record

to thank my sidekick, Kim Benson and praebent, or her constant direction, support and encouragement to me, mastery partners wouldn't exist without her.

Tom Bronson (2m 0s):

Also a special thanks to Kelsey Bronson. Yes, same last name, my daughter who edits and produces this podcast, blog post and newsletter each week together with Kim and Kelsey, they work hard to promote our content on social media, helping drive the right listeners to us and their work is paying off with over 2,500 downloads and counting. And now we're at our 52nd episode. I want to take a little time to reflect on why we do this. If you're a regular listener, you know, by now that I've built a career buying and selling businesses a hundred transactions to be exact, and I've been successful selling my businesses a hundred percent of the time.

Tom Bronson (2m 48s):

Unfortunately for most business owners, the stats are not so good. I use the term transition rather than exit because most business owners just don't like talk about their exit strategy. But the fact remains that a hundred percent of all businesses will eventually transition. Unfortunately, most transitions fail to reach the intended finish line. In fact, roughly 83% of businesses that go on the market, don't sell that's worth repeating 83% of businesses that put themselves up for sale. Don't close a transaction.

Tom Bronson (3m 28s):

That statistic means that a mere 17% exit successfully. And family transitions or intergenerational transfers are not much different. Only 30% of those businesses successfully transition to the next generation. So let's examine why those precious few and what I call the 17% club succeed. A few of them are disruptive businesses. They command a high valuation by large suitors. Some are just plain lucky in the right business at the right time, but the majority of them have one thing in common.

Tom Bronson (4m 8s):

They are prepared. Being prepared means that the business owner has defined a transition strategy and has relentlessly executed that strategy until he or she has reached the goal. They focus on building long-term value. They have surrounded

themselves with great internal and external teams to help them achieve their goal. And that goal has been to exit the business at the highest possible value building value and transitioning a business is a process and it takes time. It's a process, very different from running a business on a day-to-day basis.

Tom Bronson (4m 50s):

Having been a business owner myself many times, and currently I think one of the reasons many business owners don't get started developing their transition strategy is because they just don't know where to start for me. The first time was awkward and daunting. I didn't know what to expect. I didn't know what questions to ask. I didn't even know where to turn for help. Although eventually I found the right resources. It was an exercise in trial and error. For sure. I promise that I've made every mistake in the book along the way, but over time, I've developed a tried and true method for preparing a business for a transition.

Tom Bronson (5m 33s):

I've used the very same methods we talk about on this podcast and in our weekly blog post and throughout the free stuff on our website. And I do all this for free because I'm passionate about educating business owners. So they won't make the same mistakes of the land. Then firmly in the 83% group of businesses that fail to transition. Frankly, I'm fond of saying any business owner can prepare their business for transition. If they would simply consume the free content, we produce develop a transition strategy and relentlessly pursue the target that don't get me wrong.

Tom Bronson (6m 13s):

We work with business owners who want to do just that and they pay for our services. And for that, I'm grateful. But if you really want to do this on your own, you can, you're a business owner. You can do anything. You put your mind to, if you need help or someone to hold you accountable. That's why we're. We are. So back to why we do this. Many business Owners think that selling a business is easy. Once they decide to do it, they come by it. Honestly, though, any business owner who's been in business for some time gets calls from so-called buyers all the time, which leads them to think that it is easy to sell their business.

Tom Bronson (6m 57s):

Nothing could be further from the truth. Every business gets these phishing calls from potential buyers. Most of these calls are from entry level folks who are dialing for dollars. I recently talked to a business broker who told me he makes 500 calls a day looking for companies to sell. But now, as I've mentioned before, most of these calls are not targeting you specifically. Instead, they're just looking for a business, any business to sell. Now that's not to mean that there aren't targeted calls because I've been on the receiving end of many of these. In fact, we provide a service to our clients to do just that.

Tom Bronson (7m 40s):

As a buyer representative, those callers already know about the business. And they're specifically looking to make an investment in that industry or already have a business. They're looking to grow inorganically through acquisition, but when those calls come, it creates a sense of complacency. You start to think you can get your price because there are so many interested parties. And if you sincerely are ready to sell, meaning that you've thoroughly prepared your business for a transition, you might be right. But if you're with the vast majority of business owners out there, you are nowhere near ready.

Tom Bronson (8m 21s):

And you're only setting yourself up for disappointment. Whether you get these calls or not, doesn't it make sense to also start preparing your business for transition. If you're like most business owners, you have no idea where to start. Let me outline a plan for you to at least get you moving in the right direction at the outset. Consider connecting with a certified exit planning advisor or CEPA. CEPA is the certification offered by the exit planning Institute where undergo rigorous training to learn how to help business owners navigate the exit planning waters.

Tom Bronson (9m 2s):

After hundreds of hours of training, the CEPA set, or a certification exam, just like any other professional, some seep as our attorneys or estate planners or financial professionals. Some have other professional designations like CPA or CFP, still others

like mastery partners. Our value builders trained in helping businesses increase long-term value. A CEPA can help you get your business in order. However, if you'd like to do some of it yourself, here's how to get started on your own. Number one, get an estimate of business value. Most business owners really don't know what their business is worth.

Tom Bronson (9m 45s):

And for most of them, if they did, they'd be shocked and dismayed, but by understanding what it's worth, you'll have a starting point where you can help drive decision making processes. We offer a free valuation tool right on our website. Use it number two, look for low hanging fruit, figure out what the low hanging fruit is. And then just knock it out. Start with the easy stuff in your business. Get your corporate records in order start documenting all of your critical processes and make sure that you've settled in documented all of your outstanding shareholder issues. If you're the sole shareholder, that's easy, but if you, but you probably still have some work to do.

Tom Bronson (10m 31s):

If you have more than one shareholder, or if you have partners, make sure you have the right agreements in place. You should have a shareholder agreement, a partnership agreement, and make sure you have a buy sell agreement to resolve any contingent issues. Number three, take time to de-risk the business have answers and contingency plans for all of the five D's. What are they? Death, divorce, disability, disagreement, and distress. Think about what happens if one of these five, these rears its ugly head, have a written plan in place to handle it. What happens if you, or one of your partners or shareholders dies, becomes disabled or can't work Or gets a divorce?

Tom Bronson (11m 16s):

What happens If you get into disagreements with your shareholders or partners, what happens if one of your shareholders or partners or key employees or where she had major customers suddenly leaves the business. These issues are not always easy to resolve, but they're a great place to start. Think of this exercise as de-risking your business. Next Plan, your third act. Think about what happens after the business

transitions. You'll need to really spend time thinking about your own future. When you want, when do you want to exit the business?

Tom Bronson (11m 58s):

What will you do when you exit the business? Are you sure that what you're planning to do will be as fulfilling as running the business. Next, examine your personal finances. Take the time to get your personal financial house in order, even though probably 80% of your net worth is tied up in your business, you need to have a financial professional workup, a real financial plan, just because you think you need \$3 million to retire on doesn't mean that that's the right answer. And finally consider engaging with mastery partners and mastery partners.

Tom Bronson (12m 41s):

Our motto is transition your business on your terms and it's our mission to change the outcome for our clients. By helping them identify, protect, build harvest, and manage business value. We are passionate about making sure our clients can successfully carry out their transition strategy regardless of what it looks like. So there you have it places to start moving in the right direction, ward your future business transition. And I hope that gives you an idea of why we are so passionate about doing What we do.

Tom Bronson (13m 24s):

This is the maximize business value podcast, where we give practical advice to business owners on how to build long-term sustainable value in your business. Be sure to tune in each week and follow us wherever you found this podcast next week is our first anniversary podcast. And we have a special treat in store for you. You don't want to miss that. So until next time I'm Tom Bronson reminding you to maximize your business value.

Announcer (14m 1s):

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. Learn more 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 (14m 31s):

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