

**Chris:**

Welcome to strategic growth council. A podcast about strategic growth and mergers and acquisitions for the middle market. If you're interested in learning more about organic growth, growth by acquisition, or the sale of your company, this show will be interesting and useful for you. Every episode I interview a mover or shaker in the world of strategy, growth, or M&A. And once again, it's up to you to decide, who is the mover and who is the shaker? Today, I'm joined by George Sandmann, founder of Growth Drive and CEO of Core Value Software, as well as a practitioner in the field. A user of Core Value Software and a co-designer of the Growth Drive course, Andy Weevil. So gentlemen, welcome, and thanks for being here.

Before we get into the introductions, a brief primer for you on George's Core Value Software and Growth Drive and Andy's firm 10x Growth. Core Value Software is used by professional services firms to assess their clients across a series of growth drivers, and then help their clients focus on specific weaknesses. And then finally, develop a specific set of action steps for improvement leading to growth and higher valuations for potential sellers. Sounds good. And Growth Drive is essentially a community of experts, professional services firms all focused on the same goals for their clients, predictable revenue growth, predictable cash flows, and predictable measures of value. Growth Drive provides education and certification and a number of community benefits and George is the founder.

Andy is a partner at 10x Growth, a growth and exit strategy consultancy focused on helping ambitious business owners achieve double digit growth and when ready, a successful sale of their business. Welcome. Andy, we'll start with you. I'm glad you're here, Andy, all the way from England. Why don't you spend a minute or so and tell us a little bit about your background?

**Andy:**

Yeah, fine. Thank you [inaudible 00:02:26] really good to be here with you today. My background starts from a background of service in the military in the Royal Air Force, where I spent 16 years in various operational positions in and around Europe. And that really was a catalyst and foundation for my own growth and interest in performance improvement and leadership in particular. I then had this idea and notion that I wanted to do something different. So at a transition point for myself, I was able to retire and leave the air force and moved into business where I started with companies in helping them turn around their performance in turnaround management. And over the next 5 to 10 years, I worked in four different companies as a CEO, helping performance turnaround situations, sometimes looking at closing companies, looking at growing companies, looking at fast moving companies in various industries and sectors. And that was a great grounding for me in growth, generally speaking. And I was lucky enough in between those positions to work as a consultant.

So going to the other side of the table and using our expertise to help other organizations, some small, some very large organizations throughout the UK, Malta and the Gulf countries, help improve their performance in various aspects of organizational development. I then wanted to bring all that sort of expertise together in one area where I could bring all my knowledge to bear. And I started to think about growth and exit planning. And looked at that space in the UK. And it's a very immature space. A very immature market. It's not like the market in the state which is

quite mature in this area. And I saw a gap in the market, particularly in the exit side of like building value and helping owners prepare and exit. The stats are terrible here in the UK, 80% to 85% of businesses do not sell for a variety of reasons. And so I wanted to try to improve those stats, and differentiate myself from those people purely in the growth space. So that's where I've been operating over the last three years. And it's enabling me to bring all my expertise to bear to help owners achieve the successful sale they want.

**Chris:**

Well, Andy we've known each other for several months and I must confess I learned something new about you. The military background, that's something we have in common. I was a military intelligence officer in the army and served me well in strategy and looking at ways to analyze market maps and so forth. So we both benefited from that background and we never expected.

**Andy:**

Absolutely right, I certainly did.

**Chris:**

George, thanks for being here, I'm excited. Welcome. Let's hear a minute or so of introduction about yourself.

**George:**

Sure, Chris, thanks. I'm happy to be on. Thanks for inviting me. And Andy is a fantastic resource. And he and I do a lot of great work together. And he was instrumental in creating the growth drive course before we get to growth drive. First I'm an attorney by training and I started very early on getting involved in startup companies. And I have almost 30 years of experience at startup and growth companies in a variety of sectors: telecommunications, tech, light manufacturing. And it's formed a philosophy that the private businesses are the engines for the pursuit of happiness. If we can have healthy private businesses, we create wealth for individual families. Perhaps more importantly, we create wealth for the businesses, stakeholders, and most importantly, we create stability and wealth for the communities in which those businesses operate. And those are critically important to our national economy.

And so the two things that businesses need to grow is expertise and capital. So how do we connect private businesses with expertise and capital? And it starts with educating clients. But that's easier said than done because most clients don't understand what's going on inside their business. They think they do but generally speaking, there's an education process for getting them to understand how to create predictable growth, to create predictable cash flow, predictable transferable shareholder value. And that education starts with creating clarity about what's going on inside the business.

So I started here 10 years ago, with core value software. And we developed some training. That training evolved to the point where last year, we have the software which is patented. It's the best in class software, used by everything from sole practitioners up to enterprise businesses like key Bank, MassMutual, etc. And we needed to educate advisors, consultants, on how to bring their expertise, how to help a business owner understand why their expertise was relevant and where to

focus to improve their business. So in a nutshell, that's our vision and mission, and something about which we're really passionate. Chris, I know we have that in common.

**Chris:**

Yeah, absolutely. And I learned something new about George, I didn't know you were an attorney. So we won't hold that against you, but thanks again, for the introduction. And one of the things that I find interesting is, what we have here is the founder and the developer of the system. And then a practitioner, in the world of mergers and acquisitions. Our listeners, by the way, our private equity investors, investment bankers, consultants, and then company executives that are considering a merger acquisition, so they might be on the buy side, they might be contemplating a sale. And we'll just start there. I mean, maybe this is just the big juicy softball of a grapefruit for you, George, we'll start with how your tools, how can your system help somebody that's considering the sale of their business?

**George:**

That's a softball question. And I'll try to keep my answer brief because there's a big answer there. But fundamentally, most business owners and those of you who are in private equity, I bankers understand this very well. I know Andy gets this very clearly, that most business owners don't understand what it's going to be like to go through due diligence. Due diligence is a confrontational audit, in which the auditor is highly motivated to make sure that they pay as little as possible for the company. It's just fair, it's the market. The ocean, it's neither good nor bad. That's just the market. So how do we get a business owner to reengineer their business so that it will generate? It's in a good position for due diligence? It's well positioned for M&A? They can truly contemplate an investment round without it doing all of the negative things that can happen inside a company when they're not ready to go to market, raise capital, etc.

I talked about clarity a minute ago, the software helps create that clarity. And if a business is not ready, you guys see big businesses all the time that if you just change these few things and brush some of the hair off of this, it'll be good to go. How do we help a business owner? And how do we connect a business owner with the expertise they need to do that? And importantly, and this is why the investment bankers who use core value love the system. Importantly, keep them within your orbit, not go away for a year and maybe come back. Keep them inside your orbit. Does that answer your question Chris?

**Chris:**

Absolutely, that's very helpful. And what really resonated for me is, getting everybody on the same page in terms of a set of commonly understood drivers. It's a language that everybody understands both the buyer and the seller. And in my experience, helping sellers get prepared for diligence, they don't necessarily realize what a confrontation it might be. Andy, I'll turn to you. In some situations you're helping a business owner prepare for a sale. In other situations you're just helping a business owner grow and kind of get their act together, presuming that they might sell it at some point in the future. How often would you say you're using these tools, and the business owner sort of changes their mind, decides maybe the time is not right to sell it? I presume that there's still value to them, even if they decide the timing is not right for us to sell.

**Andy:**

Yes, you're right. And using this tool is at the heart of what I do. When you consider here in the UK that selling is around the transaction and that's what owners think about. And they move towards the transaction, and they don't know what they don't know, and then become very disappointed when their business doesn't sell, because there's little or no value within the business. And so right at the heart of the heart of what I do, is to smoke out that value, to have that conversation. We talk about the ugly baby syndrome, nobody wants to think that the baby is ugly. It's the same with the business. But here in the UK, it's about using the tool to identify the value in the business and the bottlenecks to grow. So it's not just a tool, look at the value. Your value isn't good enough to create the future that you're dreaming of. There's a value gap. We need to fix this. It is also moving beyond that to look at those bottlenecks and where we can fix it and how we can fix it.

So it's very central to everything that I do. And it's central not only as a tool to help fix things, but as a tool to drive the conversation. It's objective data. It's a friendly tool to help lift the scale from an owner's eyes, who only sees a pot of gold at the end of a rainbow and then feels very disappointed when he wonders why his business is not saleable. So central to what I do in those areas.

**Chris:**

George, was there something you wanted to add there?

**George:**

No, I was only going to amplify what Andy said. How many business owners believe in a fairytale ending? And there's nothing in their lives that tells them that there won't be a fairytale ending. I'm going to work in my business as long as I want. This is what we hear commonly from exit planners. I'm going to work on my business as long as I want and then I'm going to sell it for what I need to get for it. And if you ask them what's your business worth? Their answer is by large going to be what they need to get out of the business. Oh, my business is worth 20 million. Based on what? And everyone on this podcast understands that the business comes in with a potential value.

**Chris:**

Sorry, a little bit of audio delay there. I apologize for stepping on you. The core value software is used primarily by advisors and consultants and bankers and brokers and so forth? Or is it also used by business owners and management teams directly?

**George:**

It's interesting Chris. When we started our first go to market was to sell the software to business owners. And that fell flat on its face and with some big muscle behind it with muscle like American City Business Journals pushing this to their readers, offering it to their readers. The reality is most business owners, as I said, think they're living in a fairy tale and I can explain that at length. But the bottom line is our customers, our management consultants, CPA business advisors, certified financial planners, I bankers, and fractional CFOs, who use the software to help their company help their clients move their company in a given strategic direction.

And there are really only three directions for business owners, and we have the data on this over 40,000 respondents, they want to grow the business 62% of the time. They just want to make it easier to run. Give me a call operational freedom please 21%. And they're preparing to sell 17% of the time. But that's 17% germane to this conversation 83%. So 14 of those 17 companies can't get the value they need. They either can't approach the transaction at all or the value they would get at the deal table is too low to fund their personal wealth goals. But I didn't see your question Chris, I hope, I think...

**Chris:**

Absolutely. And Andy in your experience, are there clients of yours that seem to be a better fit than others for embracing the software side of the industry?

**Andy:**

Yeah, absolutely. Across size and industry the software is agnostic. But what is not agnostic is the mindset of the owner. I talk about ambitious owners, I talk about commitment, intent. A lot of people say they're committed, but when the reality of the helter skelter of business gets a grip of them, they're not committed. And so a very important part of what I do is looking at qualifying people out, a number of business owners there will be a fit or not fit. It does require great commitment, requires funding, it requires a big reason, in order to start that process of scaling, growing, and planning and working to exit. And it requires something that you and I with a military background to get drummed into us, it requires disciplined consistent execution. And business owners, unless they have that really big reason identified for them, they struggle with that helter skelter and treadmill of the business.

One other point, I try to look at business owners who are not moving away from the business, because of the pressure, the stress, the drama, all of those things. I'd rather work with business owners who are moving toward a new future. So not away, but on a push factor, but a polar factor. Those are my ideal clients who get it in that respect. And so I'm very careful in trying to qualify those types of business owners, because I know it's a lot of pain for both myself and the business owner, if they don't have that sort of mindset. It's that under the line stuff, a kit, that is important, the heart stuff that is important. And just one other point here, core value and growth drive allows you to start that conversation because for me, an owner, a CEO and leaders biggest point of attraction, if you like is the ability to start the conversation. But sometimes they don't know what conversation to start. Core value provides that conversation starter.

**Chris:**

And I'm just out of curiosity not that it really matters, is the conversation with the entire management team, or routinely is this software shared only with the business owner and CEO?

**Andy:**

From my point as a practitioner, and my leadership background, I say there is no commitment without participation. And so it starts with the business owner and flows out through the management team who get involved in the deep dive phase of using core value. So it starts there and then eventually over time, over time could take 12 months, it begins to cascade downwards

and outwards to the rest of the company who get involved. And I think in this aspect of the conversation, this common language that core value allows us to have also helps in that respect.

**Chris:**

Absolutely. I love that common language and I'm going to use the term ecosystem. We don't have to get into the competitive dynamics of this type of software. But in this world that you live in Georgia, you have to differentiate, you have to focus, you have to have some proof points. And I know, I'm probably catching you a little bit off guard here, but I know at the top of you don't write right off your fingers, you can write off some proof points of success percentages that you've shown increases in value, you've shown growth rates, you've shown differentiation from the pool of the thousands of companies that have participated in the program versus the sort of the universe of the rest of the world of companies. I'm just going to put you on the spot there, anything you can share in that regard, proof points?

**Andy:**

Sure, I'd be glad to. In fact, we did a podcast yesterday that we'll be posting to YouTube today with the CEO of a Mastermind Peer Group Company and it is emblematic of what our customers are able to see in the data when they use the analysis for their clients. By the way, an analysis that might surprise you takes approximately 10 minutes, but generates a wealth of information. That's the power of technology.

**Chris:**

So the initial evaluation only takes 10 minutes. Is that right?

**Andy:**

It takes approximately 10 minutes to complete. However, it then generates talking points that can fuel an hour or two hours of deep conversation about the bottlenecks to growth, the bottlenecks to accessing value, and start to sketch out potential ways to reposition the company. And much of this, if you talk to a typical CEO, if you ask them, "What did you learn? They'll say, I didn't learn anything new, but I learned why it's relevant or why it's important. So it kind of triggers stuff in the back of their brain. Now, using the software, you can look at companies individually and say, well, listen Madam CEO, here are the top three areas on which you need to focus if you want to increase the value of your business. That will lead into what we really need to do, a total body scan. So this is a quick X ray. That first analysis is a quick X ray. What we need to do is a whole body scan, creating total clarity about what's going on inside the business.

And we have a second level of analysis that takes approximately two hours to get there. Now to answer your question, when you've run the initial analysis, or when you've won the deep dive analysis, we can start diagnosing and offering treatment on a micro basis within a company. We can also start looking at the data on a macro basis, which is what you were referring to and start saying things like, although a little over 70% of companies are above scratch, in the universe of

businesses, businesses who work with our firm, put your name there, are 90% above scratch. And another example that came out of the data yesterday, businesses that work with that particular firm are twice as likely to get a maximum multiple at the deal table.

And what we see in the data is when you start implementing best practices as they're described in the software, and by the way, the software, if you've ever used a quality of earnings checklist, and you all have, or a due diligence checklist, this is going to look very familiar to you, but putting away that's incredibly approachable by you, your staff, but more importantly by the business owner. And we're able to start saying, okay, here's where we need to target, here are the types of articles we should be writing, here's the types of companies we should be targeting and the list goes on. It's very powerful. And can fuel client acquisition, and importantly client retention. And for our management consultants and business advisors, an expansion of services within a given client set, which is exactly how the CLI interview yesterday is using.

**Chris:**

Thanks. George.

**George:**

Now, I was just going to pick up on a point that Andy made. Most business owners see the end of their career as the sort of the end of the business in a way. And what they need to understand is they need to make their business immortal. That business needs to survive their inevitable departure, and that business needs to go on to greater goodness. I'm not a deeply religious person, but that business needs to be immortal. And it needs to have greater opportunity after they leave than it has while they're there. And that is why we acquire companies. So it's that education, that realization that there's a long game here, and that you are going to leave the game, and that the business needs to go on. The team needs to go on. That is transformative for a lot of businesses.

**Chris:**

So Andy, I wanted to turn to you because I think I heard George say something that I suspect that you would disagree with. I think I heard George say the CEOs who received the results, so I didn't learn anything new here. But I understand why all this is important. I suspect there's plenty of instances in which a CEO says, really were weak in that regard. I didn't know that. Because I think part of that discovery is realizing, well, this is where we're strong. And usually that's probably less of a surprise than this is where we're weak. That's my guess. Any insights on that?

**Andy:**

Yeah, it's true and it's not true. It's true in the sense that they may have an inkling in terms of a business who knows the business better than anybody else, the business owner. So it's there, but it's in a deep way. It's in a subconscious way maybe. But at a deep level, they don't know why. And they don't know the exact way in which that bottle, that issue affects their ability to grow. And it's making that connection. I often get people say sometimes, and you probably have this say, this is simple stuff. And certainly say, yeah, sure, it's simple, but when you think about it, it's very deep. Yes you might know you have a people problem and execution problem, but actually what

are the drivers of that problem? And more importantly, how are we going to fix that, that part of the engine, if you like?

And the other aspect that needs to be surfaced here, is that it's systemic. It's a system. And business owners, think of a nail and a hammer sometimes and etc. but we think in terms of a system. That if we tweak one aspect of the gears, it's going to impact somewhere else, and it's making those connections in a holistic way. So in a sense, yes, I would agree with George. Intuitively, they may know something is wrong, but it is the deep dive and putting together and connecting the dots here in a systemic step by step way that says, hey, we've got some things we need to look at. And we need to prioritize them over a period of time, let's get working.

**George:**

Can I pick up on that for a moment?

**Chris:**

Of course, go right ahead, George.

**George:**

So Andy is right, I completely agree with him. And the point that I should have added in my answer, and picking up on what Andy just said is, we all understand, we're professionals, we understand company specific risks. A business owner often fails to appreciate that, although they have a company with predictable cash flow, maybe they have a company that has sustainable growth unless they can document how they're doing that. They're not connecting. Unless they can show that that is potentially scalable, they're not connecting that good work to the value of their business. It's that connection which is not automatic and we all know that. But the business owner needs to be led to understand that the connection between good financial outputs and shareholder value is not automatic. And that's what growth drive is about that, of course, that Andy and I created.

I often liken this to a metaphor of, not that I'm out doing this much anymore, unfortunately, is being on the dance floor. You're on the dance floor, and you are aware of stuff going on around you in the corners, but you're not quite sure. And so I would say to the owners, hey, every now and again, go up the steps into the balcony. Look from the balcony down on the dance floor. And you can see everything around you and make the connection. And that's a sign metaphor that we need to move towards, which often they don't. They're too busy either enjoying or frantically moving on the dance floor.

**Chris:**

Working in the business, not on the business.

**George:**

Absolutely.

**Chris:**



We're starting to wrap things up here, and I want to make sure our listeners understand where they can access the software? How can they contact you? But before we get there, what's the one thing that you'd want listeners to take away from this discussion, this conversation that they might not have otherwise realized?

**Andy:**

I'll go first, George, because for me, we didn't really dive too deeply into this. But for me it's about mindset. It's about the growth mindset and how the mindset of an owner can be a big bottleneck to growth. And sometimes that needs to be identified, looking at the characteristics and personalities and psychodynamics of the business owner. It's something that not many people point to and say, look, this is the impact you're having on the business or not having on the business. And in order to grow the business, we need to grow you first to the next level of growth. And so the biggest thing I take away here is, it's not necessarily the hard stuff. It's at softer stuff, starting with mindset and a conversation that shines a spotlight on that. So I think that's a very important thing. We cannot neglect the owners mindset itself as a driver for growth and the hard stuff that follows using a tool like core value.

**Chris:**

Yeah. Let's face it, CEOs are aggressive, hard charging type A, look, we're going to take the hill. But the best of the best that I've discovered are also humble. They also seek input. They also like to learn. They like feedback. They like to communicate. And this is a wonderful tool to create a comment in language for discussion and to gain input they might not otherwise have had access to.

**Andy:**

And if I may just add one other thing in today's post COVID environment, look at how we've exhilarated this idea of leadership into a more empathic, more deeply emotionally intelligent aspect. Be kinder, be more flexible, we've advanced in two years, almost 10 years in terms of that mind setting process for our Taipei leaders.

**Chris:**

Interesting. So George will leave you with the final question, which really has to do with challenges that you face in running your business, trends in your industry, threats, maybe opportunities that you see for your business, and then we'll wrap up with how our listeners can reach you.

**George:**

This is a blue ocean opportunity. And if we think in terms of the amount of capital that is trapped on the sidelines right now, because it's not easily finding a path to being deployed. And we think about the tremendous good that capital, and I'm talking to you private equity firms, and the investment banks that make the connection, if we think about a way to put the capital to work inside companies that we understand deeply. And that we can manage to standards that are commonly accepted. These are best practices that none of us would dispute, what impact we have and the challenge is connecting the capital with the businesses, but it is definitely a blue ocean.

There's very little competition for us. And this is a big opportunity to really change the way private business is run here in the US and globally.

**Chris:**

Excellent. All right, well, 10X Growth is growth and exit strategy consultancy. Andy, how can our listeners reach you if they're looking for an expert, a professional to help them grow their business and prepare for exit?

**Andy:**

Shoot me an email and let's start a conversation. My email is [andyweevil@10@growth.co.uk](mailto:andyweevil@10@growth.co.uk), you can find that on the website as well. Yeah, shoot me an email and let's start a conversation.

**Chris:**

And 10x growth is ten hyphen?

**Andy:**

No. Just ten and then the X is attached to the growth. So 10 separate x growth.

**Chris:**

All right. Wonderful. George, how about yourself, how can listeners reach you?

**George:**

My LinkedIn profile George Sandmann, S-A-N-D-MA-N-N has all my contact information in there. I'm not shy, you can reach me by email [george@growth\\_drive.com](mailto:george@growth_drive.com). And if you Google Core Values Software you'll find the technology company as well and should be very easy. I would love to have a conversation.

**Chris:**

Thank you both for your time. I'm Chris Lyle for the Strategic Growth Council. You can head on over to [strategicgrowthcouncil.com](http://strategicgrowthcouncil.com) and find plenty of resources for business owners, executives, and the professionals that serve the ecosystem around mergers, acquisitions and growth. Thanks for listening.