Description

Many firms focus on issues that affect them right now, such as marketing, HR, sales, cash flow, and so on. Having or formulating an exit strategy for them is unrealistic since they do not expect to sell their company anytime soon. However, you cannot avoid departing your business, and research found that over 70% of businesses had no exit strategy at all. Having an exit strategy plan as soon as necessary can benefit you and your business since you will have a clearer picture of what your business will be in the future, giving you recommendations on how to develop it today.

In today's podcasts, Kit invited Gerald Radican of Veritas Financial, and Rick Scruggs of Financial Designs and they talked about the importance of having an exit strategy in your business. The episode starts with telling background information about our guests and what are the benefits of formulating exit strategies for your business. They also share the ideal Time Frame to set to have a successful exit strategy and what are the factors to look at during the set time frame. They notably said that in every business, solutions, and processes are different from each other as they said no one solution fits all. They also share some case examples from their experience and lastly they provide some insights and lessons learned from their many years in business.

If you're interested in learning more about organic growth, growth by acquisition, or the increase of capitalization of your company, this will be interesting and useful for you.

Key Takeaways

- The Benefits in Collaboration with Firms That Can Advise Exit Plans in Businesses.

- The Optimum Time Frame in Selling Business and The Factors To Look at

- Doing Due Diligence is Still Important in the Exit Plan Strategy

- The Difference between Our Guest from The Others

- Challenges and Big Lessons That The Guests Learn in This Business Journey

Quotes

Every situation is going to vary. It's going to depend on the size of company ownership, and tax status as an S-corp or C-Corp. So one size does not fit all. - Gerald

It's lonely at the top, in the sense that you have no one on your team to talk to about succession, selling the business, or planning to sell the business until the moment is right. -Kit

I would say that what differentiates us is We run a personal financial plan parallel to a business plan every time we work with business owners and we come in often to find out that no business owners ever really do a personal financial plan. - Gerald

What sets us apart from other businesses is that we want to listen first, then ask excellent questions before offering answers. - Rick

Featured on this Episode

Christopher Lisle

Growth strategy advisor for the ecosystem of investors, IBanks, and the companies they work with (middle market).

Linkedin: https://www.linkedin.com/in/kit-lisle

Websites: Acclaropartners.com / http://strategicgrowthcouncil.com/

Contact: kit@strategicgrowthcouncil.com / 703-867-7269

Gerald J Radican

Partner At Veritas Financial

Profile: vfwealth.com/team/gerald-radican

Linkedin: https://www.linkedin.com/in/gerald-j-radican

Website: https://vfwealth.com

Rick Scruggs, CLU, ChFC, C(k)P

Partner At Veritas Financial | Principal at Financial Designs

Linkedin: https://www.linkedin.com/in/rick-scruggs-clu-chfc-c-k-p%C2%AE-5257a729
Website: https://www.financialdesigns.com/

Book Mentioned in the Episode

The Checklist Manifesto By Atul Gawande
Link: http://atulgawande.com/book/the-checklist-manifesto/

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Transcript

Kit Lisle: 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 or useful for you. And if our guests do a good job, maybe both. No, I'm just kidding. Thank you. To our sponsors, Acclaro Growth Partners, a strategic consulting firm serving middle-market M&A. Visit acclaropartners.com, and Strategic Growth Council, the Peer Advisory Council slash roundtable slash mastermind group for senior execs and business owners who are contemplating acquisition or sale or just plain old strategic growth. Strategic Growth Council collaborates with participants in the M&A ecosystem, such as private equity groups, lenders, investment banks, and service providers all collaborating to make M&A happen. Visit strategicgrowthcouncil.com to learn more. All right. Well, with that long intro out of the way, in every episode I interview an expert or a participant in the world of strategy, growth, and M&A. today I'm joined by Gerald Radican of Veritas Financial and Rick Scruggs of Financial Designs. Welcome, gentlemen.

Rick Scruggs: Welcome. Good afternoon.

Gerald Radican: Good afternoon. Thanks for having us.

Kit Lisle: Absolutely. So these gentlemen collaborate to help businesses with exit strategy planning and a lot more than that. But we're here to talk about an exit strategy. And there's a lot to think about in terms of prepping for the sale of your business personally and from a business continuity standpoint. And that's what we're here to learn about today. But first, 30, 60 seconds background, we'll start with Rick.

Rick Scruggs: Okay. So Financial Designs is a private advisory firm that serves the private and family business market. And we work on the issues of continuity, succession, transition, and exit planning. And hopefully, most of our clients want to exit with ten toes down instead of ten toes up. However, it does require planning. It's not an overnight event and time is something that we all have the same amount of. But how we allocate it to plan for the businesses that we've started, whether it was five years ago or 25 years ago, is critically important.

Kit Lisle: And Rick, I understand you've been in this industry for two or three years now, right? I'm just kidding.

Rick Scruggs: All right. We're celebrating 45 years of serving the private and family business market.

Kit Lisle: Wonderful, wonderful, great. Thanks, Rick. Gerald, how about you?

Gerald Radican: Yeah. So I'm the founder of Veritas Financial, a financial services firm and we run in three lanes. The core lane is the comprehensive planning and device-driven market. And then we're flanked on one side by wealth management and the other side by protection. I spend most of my time working with small, closely-held business owners, either privately held or in the family business marketplace, along with their executives. Also, several years back, along with several others, I helped create Legacy Advisory Network, which we refer to as Land, and that's a collaboration of about 18 different practices across the country that serve a small and middle marketplace for the business owners for succession. And explain it. And Rick and his team down in Lynchburg are part of the network as well.

Kit Lisle: So Gerald, just elaborates a little bit for our listeners, private equity groups and business owners, and so forth on land. The relevance here is that you provide more of a broad line suite of services that you that any individual financial planner advisor exit planner would have access to in one fell swoop. Is that correct?

Gerald Radican: That's 100% correct. And think of it more as these smaller boutique firms like Rick and Firm and Veritas but across the country. The special category is marketers.

Rick Scruggs: One of the keys today is collaboration is the key to success. Historically, the allied professionals, whether it was accounting or legal banking, operated in silos. And as one of our good friends, Gerald and I from Lubbock, Texas, says, silos have no windows.

Kit Lisle: Yep. Yep. Good, good. Well, so if you're a lower middle market business, a company with no prior exposure or experience with a sale, no exposure to anybody in the big world of investment banking, or even somebody like yourself, a wealth manager, an exit plan or personal financial planner with you have a long track record of the history of helping business owners get ready to sell. What are the reasons that they might contemplate working with you? What are the benefits of doing that?

Rick Scruggs: Well, first of all, selling a business is not a natural process for an entrepreneur. Yeah, building the business was their entrepreneurial seizure and something that came more naturally to them. They didn't see it as the risk that most other people would view it. The key, though, is you have to have time on your side because you don't get a chance to hit the reset button. If you make a decision that becomes irrevocable and selling your business is an irrevocable decision. Now there are serial entrepreneurs, but the vast majority of clients that Gerald's firm and our firm work with, built this they've raised this company to its current status. And they impact the quality of life in the communities in which they're housed, the employees that they hire and who work for them, and all their customers and clients. So. Most business owners also do not have a clear idea of what the value of their company is worth, and they're not aware of the arduous process that they might have to go through to recognize the fair market value for their enterprise.

Kit Lisle: And so you mentioned a fair market value there. There's a lot more to it than that, but that's a good place to start. Is that one of the key areas of confusion, concern, and disconnect with the value of the businesses? Or. Or are there other issues where there's sort of a disconnect in your experience?

Rick Scruggs: Well, I'll. And I'll start and then turn this to Gerald. There's something called blue sky value, and that's this wished-for value that every entrepreneur or business owner feels that their business is worth. Unfortunately, until you dig into the financials, till you go through whether it's an auction process or you just have a strategic buyer who wants to buy that firm, even if some things are not so attractive to the company, there's always a gap between what the buyer wants to pay and what the seller wants to receive. And so you have to have good finances. You have to have a great management team. But at the same time, you want to maintain a high level of confidentiality because if it gets out on the street, a customer, a client's customers can get nervous, and employees get nervous. So again, it's not a natural process for a business owner to go through. So time is critical. Having a team of advisors is critical to the process. Gerald, I think you've got some comments there.

Gerald Radican: But I'll talk more about the team in a second. But there are no kids here. To your question about valuation, it's interesting. I saw a survey from FPI, which is the Exit Planning Institute out of Cleveland. We do a lot of work. They're talking about a survey they did where they said 56% of the business owners felt they had a great hand on evaluations, but that number was less than 18% had ever actually evaluated within the last five years. Wow. So it's very interesting. It doesn't matter what the seller thinks, it's what the buyer is willing to pay. Absolutely. It's a huge gap into a rich point when we drill down into it. Their owners want to overvalue all day long and so it needs us and the team to come in and help level set down the increase in real value.

Kit Lisle: Yeah. I want to talk about timing. But first of all, just to acknowledge, yeah, at the end of the day, it is all about money, it's all about value. It's all about what you can get. I mean, after all, you know, why would you sell your business if you weren't trying to maximize shareholder value? That's the whole purpose of a business is to maximize shareholder value. But I think, you know, we'd be remiss if we didn't just point out that there are a lot of elements that tie into the value of a business that even business owners aren't necessarily thinking about or preparing for. And some of that has to do with succession and management and articulating processes and strategies and so forth. So in my experience as a consultant, that comes into play a lot. But the next topic has to do with timing. And you mentioned that five years was the average timeframe. I think you said from when they'd thought about or gotten a valuation or what is a good time frame for a business owner to start beginning the planning process to sell their business.

Gerald Radican: So, you know, in terms of exit planning, you know, one of the most common important questions any business owner can ask is just when should I start? You know what? My business is to start planning. Much has been written about it. The time to do that is the very first day you start your business. You should start talking to them now. Recognizing that rarely ever happens, we tell clients, Look, the longer the runway you can give us, the better. Five-seven years ideal. Less than five years is not ideal. Obviously, the shorter the period, the fewer options and strategies that we can implement and watch them come to fruition and work. The biggest problem we see with business owners and the biggest mistakes that we see them make is they don't allow enough time for this runaway to occur. Someone who comes as they don't want to get out in 18 months or 24 months has very little we can do for them as opposed to some sort of 5 to 7-year window. I think you'll find this interesting. So when we ask the question to these business owners, like when they want to exit. The most common answer is going to be, oh, about 5 to 10 years. And I say to myself let's look at five years. Let's just do something quick now. Right. Five years is the same as 1825 days. It's the same length of time. Right. But if you have a major future goal that's five years away, does it matter if you say that it's 1825 days away versus five years? Well, it does. Well, it does because their psychologists have shown there are different surveys and white papers on this, that when people are told about their goal in a certain amount of days versus years, they are far more likely to take action immediately. Right. Yeah. In that same survey, I'm referring to, they talked about parents of newborns that need to start saving for college. And when they were presented, the information that college started in 6570 days versus 18 years. Four times. Likely more people start an airplane when they put it in.

Kit Lisle: Yeah, that's interesting, Gerald. And that makes sense. I mean, five years of sort of ethereal and nebulous and it's sort of out there on the horizon. But when you put it in a specific number of days, we all know what a day is. And it gets a lot more real, a lot quicker.

Gerald Radican: Right. Look, I'm the same way, you know, somebody says I've got a month to do something, right. It's a chance to get done in a month. So I got days to do it. I got it done. So I think they put a goal on that. The sooner you get started with your exit planning, the greater the likelihood of success of this happening.

Kit Lisle: And I'm going to bounce around a little bit here. And Rick, Rick, maybe you want to take this one. I don't know. Either of you is fine when you're talking about five years or 1834 days, whatever that was. It just feels intuitive like, you know, a long, long time to be doing something, you know, planning for something, articulating something, creating something. Five years. Give us an example of something that a business owner needs to be worried about, or thinking about planning for. What are we talking about here?

Rick Scruggs: Well, there's a great start. Stop, continue, start, stop, continue. Life is going to get in the way of every buddy, every business owner. Today we've got, you know, supply chain issues. We've got increasing costs, we have inflation, and we have employers trying to retain people, attract people. So the meeting that was set two weeks ago for tomorrow gets postponed tomorrow morning because there's a business fire that must be put out. So invariably, all of a sudden, you look like it was 45 days ago that there was the last meeting. I mean, it's not like you're meeting every day, every week for hours upon hours. You're trying to stretch it out because you need to feed the owner with information that they can absorb. And it typically takes five, six, seven, eight, or nine times for somebody to read that information, and ask good questions because ironically, the valuation looks at historical financials. But the buyer is looking at what's the future and how predictable will those earnings be? Right. And so when you look at it through a rearview mirror of your car, you can't see a whole lot. What you want to be looking through is the windshield. So you got a much clearer vision of what's the opportunity? Where are the potholes, etc... And you got to get everybody on-page. The spouse today has become one of the most trusted advisers for the entrepreneur. Doesn't replace the CPA who has a good handle or the best handle on the financials. But it gets back to this whole concept of collaboration. You wouldn't want to have your heart surgeon do heart surgery without the anesthesiologists, and scrub nurse second in command. That would probably not be a good outcome.

Kit Lisle: Right. And Rick, just following up on that, I mean, the topics that we're thinking about, the topics that we're working on are tax-related. They're management or H.R.-related processes, an operational improvement related, making sure you have a clear marketing strategy. What am I missing or what is the most important to them?

Rick Scruggs: Well, it's due diligence. I mean, that's what an investment banker, if they're representing a seller, they go through a checklist to make sure that everything's been covered like you mentioned, marketing and operations and human capital. One of the keys is, are the key employees linked and tied to the company? Because if you're the buyer, you certainly don't want to close on Friday, and on Monday morning, half the management team is excited. That's probably not a good strategy. And people talk about taxes. Taxes aren't a big deal. Well, we've come across several clients recently who've been given significant offers for their business, but they can't take it because of some poor tax planning that was instituted years ago. That will take a minimum of five years to unwind. Interesting. Five years. That's like a galaxy far, far removed from this morning.

Kit Lisle: Right. Right. That's a good point. So, Gerald, what does it vary by size? I mean, if we're dealing with a small company, you know, maybe $1,000,000 of annual profit, would your recommendations be different for that company than for a company that's generating 20 times that amount of profit? Or is it all pretty much the same process?

Gerald Radican: No, it is not at all. You know, and while you know, the broad topic might be the same in name, whether it's exit planning or key employee retention, compensation is the issue. Every situation is going to, you know, it's going to vary. It's going to depend much like resetting the dependence on the size of ownership tax status as an S-corp for C Corp. So one size does not fit all. Our internal processes probably do, but the suggestions are going to vary across industries. Gotcha. Of course, I'll give you an example. Also is, you know, if we're dealing with a company that's a lifestyle business. We're certainly going to approach that differently for shutting it down or selling it differently, as opposed to someone who's looking to grow and monetize it at the end for a multiple. Rick and I were talking about this on the day that, you know, times have changed and business owners no longer need to stay with the company and die with their boots on. Right. Some owners might see they want to get out of the business, but they don't want to sell because it's too valuable. So in that scenario, they'll go from owner to owner investor. So they may just take a seat on a board and collect a check. We're seeing a lot of them. A lot of owners think they understand all their options out there, but they don't. And so when we talk about you don't have to sell internally, externally. You can take a seat aboard. The light bulb goes off, the top levels go up and the conversations start and they start to get real. And so that's where it gets fun. Family businesses, family-owned businesses, they're different animals altogether. Not that they're any not that they're any easier. They're just kind of, you know, different.

Kit Lisle: You've got another layer of dynamics going on.

Gerald Radican: Yeah, it reminds me of Always a Good Story. I had lunch a couple of years back with a good friend who was a very successful second-generation family business owner. So I need to get back to the office by 130. Got a really big meeting today and I said, What's it about? Said, You desire my president, which is never, never a good day. And you could just tell the angst was building and building as we got close to that time. The next day called him up and said, Hey, how did it go? I'm thinking about you. Said, Not good at all, really horrible. And I said, what happens is I called the president and no, no, we had to let him go, told me I need to go clean out his stuff by the end of the day. Went off and did. A few minutes later I went down just to go check them, and see how it was going. He's on the opposite side of his desk, slumped over. Head down, shoulders up. The owner went over to him, put his hand on his shoulder, and said, Son, don't worry. Mom and Dad are here for you. We'll get through this together. So, you know, it's a different dynamic by not only the president but his son. So. Right, right. So when you say, does the process or suggestions vary? Absolutely. They do no such thing.

Kit Lisle: Yeah. That's a compelling story. And I could see it going in the other direction to where the son is having to fire the dad. That happens a lot. That would be a lot more complicated, too.

Gerald Radican: It does. But if you think of a traditional one, it is where you might have a husband and wife that had this company, second generation, third generation, whatever. And then they have kids. Some are involved. Some aren't. Then it starts the absolute land for the conversation of estate equalization and how to pass assets on, and they want to treat all the kids equally. But that means some are going to get some of the business, some aren't. So all the dynamics, I mean, we play financial shrink. Yes. And that's significant in this marketplace.

Kit Lisle: That's a really good point, Jerrold. And I just want to, you know, again, call out those business owners that might be listening to that family ownership dynamic or for that matter, just any business owner or you're looking at the business. It's lonely at the top, right? I mean, there's nobody necessarily to turn to the management team that you can talk to about succession, that you can talk to about selling the business, preparing to sell the business until you know the time is right. And certain ducks have to be put in place before you feel comfortable sort of opening up the kimono and talking freely with either family or management about that. And so who do you turn to? You know, one, one resource. Selfishly, I'll put in a plug for the strategic growth council because it's a peer advisory network. It's a council, it's a roundtable, a group of peers that are sharing lessons learned and insights. But people like Gerald and Rick as well, they've been there, done that, advised countless companies on the process. And, you know, they're independent and don't necessarily have a vested interest in helping you, whereas your wife or husband, your accountant, probably does have a vested interest. So it's nice to have a third party I'm wondering about and we sort of touched on a few of these lessons learned, best practices, you know, case studies. I always like to kind of think of it in the opposite context of what do you not do? Do you have any good stories about something that went awry or something that went particularly well?

Rick Scruggs: Well, Kit, I think there's a wonderful book called The Checklist Manifesto by Art World One Day. And it's the idea that you need a checklist and you have to make sure you check it twice. And you want the business owner and partners to talk to other owners who've gone through the process. Just let them hear some of the battle scars. When you're dealing with private equity and groups who buy these companies. There are some of the smartest people in the universe. They don't make too many mistakes. They're the ones who put the provisions in these documents to protect themselves, and they call them clawbacks and other features. So you can afford to have your business owner client pay the tuition for somebody who doesn't have the experience.

Kit Lisle: I mean, a good way to put it.

Rick Scruggs: You need to have a deal attorney who's done 50, 100, 500 of these transactions because the buyer is really smart. So I think of a private business that did spend ten years because he was waiting to find out whether one of his adult children wanted to get involved in the business. His brother wanted to see whether one of his adult children wanted to get involved in the business. Two of their siblings who were involved in the business died during that period. They had offers that were made, and then when they were both going to the altar to put on the ring, the buyer changed the price. So it's. It's an iron-clad process. Its eyes dotted, its crossed and inexperience truly, truly matters.

Kit Lisle: Absolutely. All right, good. Well, I'm wondering if there are any case examples that you could share or if not, you know, what? What should a business owner be thinking carefully about with regards to retaining a service provider such as yourself? In other words, you know, you don't just type in an exit planner or whatever and grab the name that's closest or most familiar. What do you think about when you start to hire somebody like yourself?

Rick Scruggs: I'll think of a client that we worked with, a very successful company, started in the oh eight recession in the middle of it, borrowed a bunch of money. But these two guys were bright, sharp salespeople and operation people. And we were working on all the succession planning. We'd brought great legal counsel to the table. They already had a great CPA firm that was doing their numbers, felt very confident, and we were going in one direction that seemed to appeal to both owners. And a company called the largest private equity firm in the country, flew in on a Friday afternoon and said they will buy your stock and will pay cash. We'll close in 60 days. Well, somebody threw a wrench into the gearbox. Whatever that initial offer is, rarely is that what's going to come to fruition. It took five months for the transaction to close.

Kit Lisle: You mean it took longer than 60 days? Yes.

Rick Scruggs: And the price changed a little bit. They didn't buy the stock. They bought the assets. Now, then the owners were also required to keep some of their proceeds in the transaction. And then they had contracts to stay on board for about two years. And inevitably, what we've experienced as owners can stand at about 12 months because it's no longer their company. It's not being run the same way. It's either been aggregated with other companies. Aggregation is a big deal today. So you have investors who have very specific numbers that they want to see a return on a timely basis. And historically, a lot of private and family businesses were not run. They were run to be profitable, but not at the same level of specificity that the new buyer has.

Kit Lisle: Yeah, makes sense. And so, you know, if I'm thinking about selling my company and I want to hire somebody like yourself, experience matters and haven't been there and done that and have different levels of experience in different industries, different sizes of businesses. Gerald was pointing out that all of that helps. And, and have been kind of a coach and a counsel through that process before you, I know you guys are well placed, well suited to do that. How do you differentiate? There's a lot of competition and. And Gerald, to your point earlier, with the land concept, there's an awful lot of independent service providers with very specific niche skills and capabilities. You guys are pulling together a collection, a collaboration of different services, which makes a lot of sense. But how do you differentiate?

Gerald Radican: I think you just said it's a collaboration. I mean, when you look at the definition of what an exit plan states, it's you know, it's a comprehensive road map that successfully exits probably help business. But when you look at the guts of it, you're asking in answering all the business, the personal, the financial, the legal, the tax questions involved in selling the business, you better come to the table with a strong team and a strong diversity of subject matter, and that's what we do. I would say the one thing that I find, Kit, that differentiates us is. We run a personal financial plan parallel to a business plan every time we work with the business owners and we come in often to find out that no business owners have ever really done a personal financial plan. They don't know what it costs to be there. They don't know how much is enough. So we take the long-term approach because. Once you exit, it's like there's a new chap. There's just life after that. What does it mean? And that's where the personal plan takes a long-term approach to it and gives them the permission slip that maybe back into what number do you need to take?

Kit Lisle: That's a good point. That's a good point because, at the end of the day, the value of the business is the maximum of what one, two, or more bidders are willing to pay and nothing, nothing else. And you don't know what that number is, but knowing what you need to get to live comfortably, that's where the rubber hits the road. And I'll just share a funny story. A friend of mine recently retired and he said, you know, Kit, do you spend more money on Monday, Tuesday, Wednesday, Thursday, or Friday, or do you spend more money on a Saturday or Sunday? And I said, Well, I guess I spend more money on the weekend. And he said, Well, when you retire every day's a weekend, you know, and you end up spending more money than you ever thought about because everyday is like a weekend. And that was kind of eye-opening for me.

Rick Scruggs: So I think that's good advice. And I also believe that. You're holding a crucial conversation. Gerald's firm, our firm, and our members of LAN are there to ask the tough questions because the stakes are high. There's usually some emotional component. And if you got more than one owner or even if you've got spousal involvement or family involvement, you're going to have different opinions. But if you can ask those crucial questions and sit back and listen. So I think we're great listeners. Our idea is not to say, here's the solution. Now, what's your question? Right. So if we can ask the questions that help people think. And sometimes they can put people off a little bit. But we found that that's what we do well. And that's part of that differentiation that you asked for earlier. Why are respected firms able to serve the client? It's because we want to listen first, ask great questions and the solutions come at the end.

Kit Lisle: Yeah, I was just going to say you talked about listening. Well, I wanted to make sure the listeners here understand that. I know you guys, I know you are fantastic listeners. I can speak from personal experience, but to be a great listener, you have to know what the right questions are to ask. And that's the secret sauce here, is knowing what to ask. And as you said, some of those questions can make people uncomfortable. But that's part of the process. And that's why it takes as you said, it may take five years. So, you know, a couple of things I'm going to toss out at you and you can make these in any order. But, you know, challenges that you're facing in your industry, with your businesses, opportunities that you see, you know, goals that you have for your businesses, that sort of you kind of lump all that together or go in a different direction. And that is. Any big lessons learned for our listeners that we haven't had a chance to? Anything else that you wanted to share that we haven't had a chance to get out there today?

Rick Scruggs: Well, I'll start and then turn this to Gerald. One of the things that are catching people off guard. When you're working and get your nose to the grindstone. You forget. Wait a minute. When I said I might have 30-plus years of life expectancy. People are going to spend as many years retired. And every day is that Saturday. You just mentioned Kent as they spent building the firm because most entrepreneurs don't start their companies at age 22. They've gone out and done something else. They might have built it over 30, 35. So life expectancy is another issue. There are health concerns today that impact people's decision-making. And our challenges are finding people who have those skills, not just the math skills or the tech skills but have the people skills to listen and be willing to share stories and take those emotional risks to expose the Achilles heel that nobody wants to talk about. You know, the elephant in the room.

Kit Lisle: Yeah, that's great. And Rick, if I could just make sure I captured correctly, what I think I heard you say is it's relatively easy to find somebody with the technical skills to do what you do, the knowledge of advising companies and exit planning, for example. But it's hard, especially today with the great resignation. A challenge for your business is having somebody with the people skills to be able to not only ask the right questions but then listen and deal with that awkward silence that might happen. And then sort of play coach and counsel and advisor and mentor all at the same time. Did I capture that?

Rick Scruggs: You did. And we would define that as having an abundance mentality, you know because when you fall into the gap, you're going to miss. You're going to forget about all your progress. You're going to forget about all the accomplishments of running your business. And our role is to keep the client's eye on the prize, you know, keep it focused on the true north, which is where do you want to go? Why do you want to go there? Who do you want to take along on the journey? Do you want to still be involved in the causes that were part of your business? Because you're not the same when you leave it. You don't get to come back as the general or the dictator. You want to exit your client, your business, and be the ambassador. Always. Welcome back to corporate property.

Kit Lisle: Excellent. Gerald, anything to add there, or did we miss anything?

Gerald Radican: Well, I'll take the opportunity that you asked earlier about what I believe. The question is what are the opportunities in this marketplace? And I'm going to go back to that EPRI readiness survey because I want to read you some of the stats that came. So this again was the state of owner readiness survey, which gauged the level of exit preparedness for the cities, 1200 business owners that they surveyed here. Two-thirds of the owners are not familiar with all their exit options.

Kit Lisle: And they're acknowledging that. So it maybe might even be higher.

Gerald Radican: They also found that 78% had no formal transition. 83% had no written transition plan. 49%. And no, I had not done any planning at all. 93% have no formal life after business plan. What do you do? The next job. Yeah, right. Well, interesting using that. In another survey, I saw that 52% of the baby boomers have sold their business, and regretted it within the first 12 months. They didn't have an appetite because that was their world. And the baby was exactly, you know, 16, 17 hours a day to get it going. I'm almost out of here. 40% had no plans in place to cover illness, death, or forced exit. And then last, when you heard me say earlier, earlier was 50%, 56% felt that they had a good idea what their businesses were, but less than 18% had ever done evaluations. So, yeah, within the last two years. So why these and what.

Kit Lisle: Was the data that survey? Any ideas?

Gerald Radican: 1822.

Kit Lisle: Okay, thanks.

Gerald Radican: So while those numbers are alarming to me and Rick as an advisor, it also creates a huge opportunity for us. It's just in this very underserved marketplace. Right. So when you look at the exit planning market, it is a win-win proposition. And what I mean by that is if you have a well-designed and implemented exit plan, it's a very powerful and valuable tool for the business owner. It allows them to achieve their business and personal goals. It helps them facilitate retirement and control when and how behind it. So it's a huge value to them. So devises like Rick and me, there's also a ton of value because Rick will tell you by the time we get someone from A to Z in our planning process, in our exit or succession or whatever process we take them through, it's a long runway. And by the time we're done, we have deepened and strengthened those relationships like no other relationships that we have. So they become their trusted advisor.

Kit Lisle: And it's. It's really difficult. I mean, from personal experience, it's very difficult to educate the audience or to tell your client, this is how much better you're going to feel. You can't quantify that. But at the end of the process, that weight off of our shoulders and the acknowledgement and recognition that, wow, we're prepared, we're ready no matter what happens, we've got this. It's a great feeling.

Rick Scruggs: One of the things that Gerald said earlier was having a roadmap, you know, preparing that roadmap for the client so they can find the mile markers along the way. Gerald and I have talked about this frequently. It's also I think we make the process fun, not necessarily haha standup, but so that the client recognizes this is not torturing. This is not going to be arduous because the single best investment that most owners ever made was starting that enterprise. And so the part that was always missing was maybe the transparency component, because most owners hold it pretty tight, too tight to the vest. Their CPA knows the numbers and maybe their CFO or controller. And what Gerald said is we use our reference lists as we tell a new potential client, please call the president, the CFO and call at least ten of them to ask, you know, was the process what they thought that it met their expectations? That's great and was it fun?

Gerald Radican: Gerald Kidd I'll add to that. I don't say this with any money, but. Being a trusted advisor, I mean and taking people successfully through that journey, we create raving fans and those raving fans want to introduce us on a very favorable basis to their other friends or other business owners. Yep.

Kit Lisle: It's all about the experience. And I know I know how passionate you've been with your clients about creating a positive experience. Yeah. Yeah, that's good. So we're going to need to wrap up because we're just about out of time, Rick. But I'm going to give you the last chance to weigh in here, Rick. I want to know how listeners can support you. I mean, you've provided valuable insights here. How can they contact you and particular websites?

Rick Scruggs: Sure. Certainly. Go to our Website. They can go to the Legacy Advisor Network Website, got contact Veritas. And one of the things that you all recognize, the vast majority of these businesses are owned by baby boomers. And there's going to be this $60 trillion wealth transfer that's taking place over the next 20, 25 years. It will go unsuccessfully for a lot of people if they don't take the time to think, have somebody ask them tough questions, and let that advisor sit back and listen and let the advisor bring together a team of All-Stars. To do the best planning to have the best outcome, because that outcome has to last 30 years or more. Or it can be multi-generational for 100.

Kit Lisle: Now. Gerald, how do you recommend that our listeners get in touch with you?

Gerald Radican: We can provide our information to our websites again, the Veritas website, and the Legacy Advisor website as well. But the old school always works on phone calls for free. Any questions? Yeah. Any thoughts? Bubbles go off. Pick up the phone and give me a call.

Kit Lisle: All right. Rick Scruggs and Gerald Radican, thank you both. I appreciate your time and your wisdom and insights here today very much. And I'll add a comment that just read something that I think Warren Buffett was talking about. Given the current state of the economy and inflation, you know, business owners spend a lot of time thinking and planning and worrying about their investments outside of the business. But frankly, the single largest investment is in themselves. And there's no better time than an inflationary period to focus on yourself, invest in yourself, invest the time and energy, and work on the business and not just in the business. And Gerald and Rick are extremely well suited to help you do that. And as they said, it takes a while. It takes a while to do it well and to do it right, remember? Absolutely. Thank you both. Remember to visit strategicgrowthcouncil.com for all of our episodes, and past podcasts and follow us on YouTube or wherever you listen to podcasts, and put us in your listening queue. Review the show and give us a good rating. Thanks for listening.

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