



TEL EPISODE #022:

Final Act Of Ownership with Jerry Baltus

Show Notes: <http://www.theelpodcast.com/tel-022-final-act-ownership-jerry-baltus/>

Welcome to The Entrepreneurs Library, the only book-centric podcast that reviews all the top-selling business books and shares author's perspective, firsthand. This is your resource to finding the next great book that will enable you to grow personally and professionally. Welcome your host, Wade Danielson.

WADE: Thank you for joining us on The EL. Today we have Jerry Baltus, author of Final Act of Ownership. Welcome, Jerry, and thank you for joining us on The Entrepreneurs Library.

JERRY: Thanks, Wade. I appreciate you having me on, and I'm really looking forward to the interview. Thanks.

WADE: Yeah, absolutely. Will you take just a moment to introduce yourself and tell us just a little bit about you personally?

JERRY: Absolutely. Wade, I'm located in Plymouth, Wisconsin. I have been a business coach for the past nearly 8 years. I represent the franchise coaching firm of AdvCoach, but I have really built my business around the idea of helping business owners to be more successful in their business and have done that in a variety of ways, as you might imagine.

I am a fairly avid reader. I am also a bicyclist; I log somewhere in the north of 2,000 miles a year to keep myself in shape and hopefully mentally astute as well. So I try to enjoy life, but most importantly of all, really get a kick out of helping business owners to just take their business to another level.

WADE: You mountain bike too, or is that mainly road biking?

JERRY: Mainly road biking, and of course, living in Wisconsin, our season is not year-round, which makes it a very intense period of time in the summer. But nonetheless, I really enjoy it.

WADE: Excellent. Thank you for sharing that. Now let's jump right into your book, Final Act of Ownership, which was just made available for purchase on June 26th, 2014. Jerry, we're going to move pretty quickly through these questions, but here's the top ones that our listeners and readers want to hear from you today.

The first one is, what was the inspiration behind writing Final Act of Ownership?

JERRY: You know, Wade, actually, the funny thing about it is I really didn't start out to write a book. I really just wanted to write a whitepaper to support some of the work that I do in regards to exit planning with business owners, and it really just grew as I realized that familiarity with all of the aspects of selling a business, for most business owners, just is not there. As I started to write, I realized I had a lot to say on the subject, and it just grew into a book.

WADE: Excellent. Okay, very good. What makes your book different from others regarding the same topic?

JERRY: I think, Wade, that the book that I have, because of the work that I do with small business owners, what I find is that other resources on this topic tend to be targeted at larger businesses – really anything over say \$1.5 million to \$2 million in valuation. That's really I think due to the fact that a lot of those businesses get a lot more attention; there's a whole brokerage industry really focused around the larger businesses.

My book is less technical, and it's really written to make it hopefully easier for let's say a layperson, a non-sales-oriented person, to follow, so that most business owners who read the book may really not realize all the ins and outs of what it takes to sell the business. And I maintain in the book that people only get one shot at this, for the most part. Most people are not serial entrepreneurs and they're not merger and acquisition people, so they get one shot at selling maybe the most important asset in their life.

So what makes this book different is it's just meant to educate the owners, not the professionals that might be involved, like the accountants and attorneys and bankers and so forth.

WADE: Okay, you said this started out as a whitepaper. This kind of leads into my next question, which is how would you choose the reader to engage your book? Is this a resource that they can skip through and read different sections, or is this a read from beginning to end?

JERRY: No, they can actually skip through and read different sections. I think it reads fine from beginning to end as well, but there are tidbits of information throughout that, if you were interested in a specific topic – for example, there's an entire chapter on valuation – you'd be able to read that chapter and get somewhat of a sense of it.

I'm also proud of the information in the book on the emotions of buying and selling, which is a topic that is not often touched on, and it can be a huge factor for business owners in making the right or wrong decision based on emotions rather than on rational thinking.

WADE: Okay. Now that we know the background behind your book, let's take a deep dive. Let's give you an opportunity to actually take us from A to Z and just give the listener/reader a great summary.

JERRY: Okay. Basically, the book does start out just as I just indicated; it starts out talking about the emotions involved in selling your business. It's funny, but emotions drive so much of what we do, or maybe in many cases what we don't do. So we talk about the fears that a business owner might have, the fears of never having sold a business before, "How do I go about it?" Or not knowing what the business is worth and worrying about overpricing or underpricing.

I think there's a lot of business owners who have the idea that their business has no value, really small businesses where if they don't have a ready buyer in mind, that some business owners are just ready to close the doors and walk away. There's sometimes a lack of trust among small business owners about some of the

professionals that could really help. So we really deal with those emotions, we deal with the idea of the culture that the owner wants to maintain with the business, so that a new buyer would be able to carry on the legacy that the owner has created. That's an emotional issue as well.

The second chapter really talks about the various types of buyers that you might look for, and why certain types of buyers would be attracted to certain businesses, and how the type of buyer might impact the actual valuation of the business, or let's say the price that they would be willing to pay. I think that's very important for business owners to think about. It doesn't always mean that you need to sell your business to someone just like yourself, and so we discuss that.

Chapter 3 talks about valuation. Actually, 3 and 4, but we divide it up because we really like to talk about the numbers, what is this business worth on paper? I'd really like to stress that valuation is only skin-deep. It's important to know, but it doesn't necessarily determine the price. The price is always determined by what the buyer is willing to pay and what the seller is willing to sell the business for. So it's often a negotiated price. But valuation is really helpful in terms of educating to the buyer and the seller in terms of where are we at? Roughly where is this business valued and why? I think it's that education that's really important.

Chapter 4 takes a different view of valuation, and it's really based on a gentleman that I've come to know named John Warrillow, who wrote a book called Built to Sell, which your listeners might also be interested in. John really did a great job talking about the non-numerical factors that make up valuation, and he created a tool called the Sellability Score, which I find tremendously useful in educating business owners about things that impact value that really don't have much to do with the pure numbers.

So we talk about the level of customer satisfaction that a business has, or we talk about the type of uniqueness that the business has in its market and the growth potential. One of my favorites, something that we call hub and spoke, meaning how critical is the current owner to the things that happen in the business? If that owner walks away from the business, can it continue on without him or her driving the business? So the idea that the owner sometimes in small business

becomes the hub of the business, and all the spokes revolve around them alone, can be a very dangerous and value-reducing aspect of their business.

Then we talk in Chapter 5 about preparation for sale. What are the things that we want to look at? For example, one of the interesting aspects is the idea of doing a strategic plan as you prepare your business for sale. I sort of joke with clients about that sometimes because clients will often look at me and say “Jerry, I want to sell this business; why in the world would I want to bother with doing a strategic plan?”

But the idea is that if we can do that, a buyer would be very interested in knowing what the seller’s viewpoint of the business’s future is, so that they have a feeling that there is a future, and that if the owner was going to stay engaged, that there are some things that they would do. I think that’s an important aspect in proving value. We talk about putting together a prospectus.

Probably one of the most important things is we try to educate people about how you might go about creating a list of target buyers for your business, which is very important in a small business sale because oftentimes brokers don’t generally work on businesses that have valuations of under a million dollars. So sometimes you have to do some networking and do some creative work yourself as a business owner in order to find a great buyer.

We educate a little bit on a few of the overview legal aspects of the sale process in Chapter 6, talking about things such as letters of intent and what to expect with that, talking about the kinds of things that might happen in a typical due diligence period, which is a legal term that really just means that the seller wants to check out some of the details more closely and then go through finally a purchase agreement for the final purchase.

And then Chapter 7 is fairly short, but it really deals with putting a team together. Not trying to do this on your own necessarily, unless you really have some great talents and skills, but work with a business coach, work with an accountant, an attorney, a financial advisor, maybe all or at least some of those.

And in some cases if you can, find a business broker who has the network of potential buyers that's also an important member of a team. That can not just cost the seller money – and unfortunately sellers sometimes look at it like “Well, I’m just going to be paying these fees” – but the idea here is to maximize that sales price so that this asset in the owner’s life that they’ve worked their whole life to build really ends up generating the kind of cash proceeds that also serve the rest of their life well after they discontinue ownership of the business.

So that’s just a very, very quick overview of the book, of course. It’s a book that I hope gives people the feeling like “this business does have value, and I have the ability to harvest that value, because if I’ve built a really good business, somebody else will see the value in it too.”

WADE: Okay, great. Jerry, you just went through a ton of excellent content, and that’s what makes this next question fairly difficult, and that’s out of your entire book, if a reader could only take one piece away, one action item or principle, what would you want that to be?

JERRY: That is a tough question. I think that the one lesson that I repeat through the book in some subtle ways is this idea of not waiting till the last minute. Even when you start a new business, I think it’s important to be aware of the things that create value in business and begin working on those things immediately.

Start today to work on some of the little things that can build value into your business step by step. Don’t wait until that day when you wake up and you say, “You know what? I’m tired of it; I’d like to retire. I’m going to sell the business.” It’s too late then to really take the time to build a real strong valuation. But get started today, work with an advisor, learn some of the things that can help you, and chip away at it. You’ll be surprised at the progress you can make.

WADE: Great. Do you have a favorite quote from your book? One that either you wrote, or that you reference in your book?

JERRY: That’s a really good question. I think probably the summarization – the last paragraph of the book summarizes a little bit of not only why I wrote the book,

but also a little bit of my own philosophy. Just a couple sentences. Basically what it says is “Before you think about selling your business, ask yourself if you’ve built a business that supports your life. If it does support your life, it probably can support someone else’s life, too. So you have a sellable business. And in the final act of ownership, the business you’ve built may now be able to support the rest of your life as well.” I like that paragraph because I have said many times that my philosophy is “let’s help business owners build a business that supports their life instead of spending their life in support of their business.” That’s something that I truly believe in, and so I really like that last paragraph.

WADE: Okay, excellent. This next question is also a favorite of mine, just as a reader. Have you read anything else that’s been a paradigm shift for you? It doesn’t have to be even within financial planning or anything like that, but is there a book that you read that really just created a huge impact in your life?

JERRY: There’s been a lot of good ones, Wade, but one that sort of stands out for me – and it’s funny, because one of the more recent books that I’ve read – if you looked at my business library of books, I’ve got quite a number – but recently, as recently as 2011, a new book was published by Napoleon Hill called *Outwitting the Devil*.

Many of your listeners who know anything about Napoleon Hill, you know that he’s not been around for some time, but there was a book that he wrote called *Outwitting the Devil* that his family did not want to publish until long after his death. I found this book kind of amazing in terms of his ability to look ahead and forecast the way things might be. But I think the biggest takeaway from the book is a concept of the importance of habits in our life and how we can use habits for our good and use habits for our ill. It’s very thought-provoking in terms of how we can break habits.

And that’s something that I run into as a business coach. It’s difficult; you have to force people to be uncomfortable sometimes in order to change the course of their business or their life, and it’s those habits that they’ve built in that they just are so reluctant to change. So Napoleon Hill’s book really resonated with me.

WADE: Great. Jerry, before we depart, can you recommend to the listeners the best way for them to get more information on you and also Final Act of Ownership?

JERRY: Actually, probably one of the simplest is to go to Amazon.com. I have an author page, so if you search “Jerry Baltus,” you will go to my author page. There’s some information there as far as a fairly short bio, but a little bit of info. I am quite active on LinkedIn; people can find a lot about me on LinkedIn and find out some of my postings and so on can be found there, as well as on Google+ and a little bit on Twitter.

Finally, I do have a website, www.baltusgroup.advicoach.com. There’s a little bit of information about the business coaching and also about my book again.

WADE: Okay, perfect. Jerry, thank you so much for coming on.

JERRY: Wade, it’s been a pleasure. I really appreciate your interest, and I hope your listeners enjoy Final Act of Ownership.

WADE: Excellent. Thanks again for listening in today. If you would like to get your hands on Final Act of Ownership or any of the other resources mentioned by Jerry, just look at the show notes at TheELPodcast.com.

Looking for your next book idea? Head over to TheELPodcast.com, where Wade shares his amazing resource, “The Top 10 Business Books Recommended by Over 500 Entrepreneurs,” with you for free. That’s TheELPodcast.com. Till the next time, keep it on the EL.

LINKS AND RESOURCES MENTIONED IN THIS EPISODE:

Check out [Outwitting the Devil](#) by Napoleon Hill on Amazon

Visit BaltusGroup.Advicoach.com to learn about Jerry’s coaching

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