

"What? My business has no value?" - Turn your unsaleable business into a business with value at exit - Part 2



## The Deal Room Podcast

### Episode 137 – “What? My business has no value?” - Turn your unsaleable business into a business with value at exit - Part 2

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## Transcript

**Joanna:** Hi, it's Joanna Oakey here and welcome back to The Deal Room podcast, a podcast proudly brought to you by our commercial legal practice Aspect Legal. Now, today we have part two about two-part series all about how to turn your unsalable a business into a business with value at exit and of course to talk about this really rich content we have onboard the amazing Glen Carlson from Dent Global now if you haven't heard part one of these two-part series then pause the episode right now head back to past one, which is the episode just before this episode you've been listening to and make sure you have a listen to that because we covered some really great content.

We talked about Glen's personal experience of building a business that he one day suddenly worked out and didn't have value at exit. And of course, this is the type of discovery that you don't want to find at the end of your career when you don't have the time or energy or inclination to pivot. So it's a really useful story. And I highly

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recommend that you go back to part one if you haven't heard that. If you have heard it, then please continue listening in because now we have part two and in part two of our two-part series, we're talking about handling asset deficiencies, learning the lessons to reset and reinvent and digging into some of these strategies for how to turn a business that may not be saleable into one that has really strong saleable business because it makes the best business of course at exit but also the best business to run in the meantime.

So buckle in, here we go for our final part two of our two-part series with Glen Carlson.

**Joanna:** Look, I really want to get on to then talking about what are some of these strategies for how we turn a business into a saleable business? But before we get there, I just want to reflect back on your dawning about the asset deficiency in your business and the dawning that you had a business that wasn't saleable at the time or certainly not saleable for an amount of money that you felt was, you know, useful at the point. At that point, it's a big what's the word I guess, emotional or energetic change at that point, when suddenly you realize you've got something that's not saleable. How did you have the energy to rebuild?

**Glen:** I didn't have a choice.

**Joanna:** Haha. Right. Okay. It was out of absolute need then.

**Glen:** Yes, because well, I am unemployable.

**Joanna:** Yeah.

**Glen:** I'm a business owner. I'm an entrepreneur. I'm unemployable. Like, what am I gonna go get a job? No. And the moment you kind of for me, look, don't get me wrong. I did not handle that time emotionally. Well, I was tired. I was exhausted. I was beaten up my ego taken a bruising, I felt like a loser. You know, all that was just huge. And yet, despite that, we're not left with any other option. Either. One of my favourite movies is Apollo 13. Right, where they got these blokes up in a frickin tin can orbiting the moon and everything that can go wrong goes wrong. And yet, failure is not an option. Gene Krantz, Mission Control. That was his motto. And I think that's just had to be through necessity. I identify with that movie because I don't have a safety net in my life. I don't I didn't come from a rich family. You know, my family relies on me to make a living and I'm unemployable.

So it's like, okay, Glen, what you thought you knew about how to build a Business proved false. Perhaps there was some hubris there where you didn't try as hard as perhaps you could have to examine what the thing was worth, you know, you saw revenue you saw top-line metrics and you took that to be the reason to pat yourself on the shoulder, right. So that was idea number one idea number two is a very good friend of mine said you are not your business, right? Your business is an expression of your skills, talents, expertise and unique insights into the market. But it is not you and I built my ego into my business.

And the moment I realized that actually, I still have skills, talents and expertise. And the reason the business wasn't worth anything is I just built a business that wasn't

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worth anything. It didn't mean I couldn't build another business that was worth something if I could learn from my lesson so as to separate and recognize that my value wasn't my business's value. And my business's value is my business's value. My value is my value. And it just proved that actually my first run at building a business wasn't all that awesome. And I needed to get better at that. And so I think the moment you take some extreme ownership around that and just kind of get on with it. Another good buddy of mine just said, your shoulders abroad, you can handle more.

That made me realize, you know when I compare myself to like Elon Musk or something that had to watch two of his rockets blow up while he was rapidly going broke, I'm like, yeah, that's probably harder than what I'm doing. So I look at some of these people. And I try my woes in context. Yeah, yeah. But I think the biggest recognition was the idea that all of my stress, all of my frustrations, all of my inadequacies and bottlenecks and valuation could be traced back to an asset deficiency.

**Joanna:** I love that. I think that's a great point and explain what you mean by that.

**Glen:** Yeah, so like I said, most businesses kind of expand randomly through activity, right. So their activity based in fact, if we go big, big picture, the wealthy make their money out of the return on assets. Right. So if you imagine a wealthy person owns a street full of properties that got assets, making money for them pretty much rain or shine, things are going to go horribly wrong for that person not to make their income, you know, the wealthiest people in the world own companies and they earn dividends on those companies, you know, so they make their money out of return on their own they own land or resources or, you know, rain forests, or oil reserves or whatever it is that they make their money off.

They make their money off of yield on asset poor in the middle class make their money on the yield on labour, which I just sum up as an activity. So the vast majority of where the revenue is coming from despite we haven't had a leveraged vehicle was coming through the activity of myself, my business partner or our team was running around if something needed to be done or there was a problem. We threw people at the problem. We hired more people. So while we had good revenue, we didn't have a great profit, but we were paying everyone was getting paid. We're getting paid and we're living a good life and all that sort of stuff. But so much of our... if you look at our revenue or our profit per full-time Employee as a metric, it would have been woeful.

So you know, sub 100,000 pounds sub 150,000 Aussie dollars, not now. But so that's on one side. So if you imagine a piece of paper with a line roll down and on and on the left-hand side is an activity, which are you doing stuff, right. So everyone's got to-do lists. And if you have a to-do list and you're all of your team have to-do lists, then it's likely you're a business operator, which by its definition requires you to operate the business, which again, by definition implies that it can't operate itself on the other side has assets, right?

So instead of being a business owner, how do we be a business builder? How do we switch from doing to building and so like, for example, I like the example of hiring someone, let's say you're a growing business and you've got to hire someone for the

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first time. Usually, the first time that someone hires someone, they don't have any assets in the HR part of their business. They don't have a job ad. They don't have a position description. They don't have an employment contract. They don't have any of onboarding or training plan, they don't have any kind of compensation plan structure. And they don't have any kind of performance management or you know, the process to make sure whether the person's on track off track doing a good job, etc. And so to bring that person into the company and get them skilled up requires a huge amount of the business owners time in energy and finding them, recruiting them, training them, etc, which is why people tend to be really slow to fire because they've got so much commitment bias in the amount of time they've put into this person. So what would be a missing asset?

Well, the missing asset would be the job ad that works for that role, the position description that works for that role, the onboarding plan, the video scripts, the audios, the videos, the training thing, so all of a sudden, instead of an owner having to put 30, 40 or 50 hours into onboarding someone, they might have to put four. And so all of a sudden as a result of having those assets, it makes everything more efficient. So might be defined as an asset is anything that makes activity better, faster, cheaper, and more effective. So, therefore, to extend that into every division of your business sales, marketing operations, HR, delivery, technology, finance, whatever it is, if you can look at one of the asset deficiencies, that would mean you could get the same outcomes or better outcomes with less human input. Because let's face it, humans are inconsistent and unreliable.

We're also a creative force of nature, and he can't do without us, right. But what we believe is that if something can be automated, or if there can be an asset to improve the performance of a human, then we should do that and let the humans do what we're great at, which is the creative kind of dynamic stuff that humans are really good at in the same way that if you own an arborist company, if your own a tree chopping company, as a founder, it would make sense to work out how to upgrade or your team from access to chainsaws because it's a more efficient asset for every unit of labour. You'll get way more juice out of the squeeze, and you do that in every division in every area and all of a sudden, you end up with a business, like a house that you can walk away from. And it doesn't change as value. In fact, it'll keep going up in value.

**Joanna:** Yeah, that's predictable. And that a buyer can see you know what they're buying.

**Glen:** Yeah, it can be in an asset register, you can have a data room with all the categories of assets. And you can point to his our HR data room. And here are all the assets that make our HR work and here are culture assets. And here's that here's our sales and marketing assets. You know, you're the best selling books that we have. And here are the podcasts that we use and hear the episodes of the podcasts that we use in the email sequences that help people understand our value. So they buy better, faster, cheaper, with more emotional benefits. And here's how this works. And that works and all of a sudden people go Yep, we're in. I'm like, yeah, you might be in but we don't want to sell it because it's a great business. It's like...

**Joanna:** Now you're onto something. And look, I think the energy You know that we're talking about and the emotional challenges that you had when you discovered

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that your business wasn't saleable in its current state? I feel like it's not just an issue that comes to people when they're looking at selling their business. It's an issue that a lot of business owners are going through right at the second when they've suddenly had this massive challenge change to the economy...

**Glen:** ...with all the COVID stuff, yeah.

**Joanna:** Yeah, COVID stuff, right? So you know, this is actually another one of those times like as though they're walking into a period of selling their business suddenly realized it's got no value. I think a lot of business owners right now looking at their business and suddenly questioning whether it has a value that they thought they had that it had right now.

**Glen:** Well, I mean, we're in acquisition mode right now, because of exactly that reason. Now's a great time. So yeah, I think so. I mean, look what market corrections do market corrections blow out inefficiency. So in the same way as a prospering economy becomes more efficient. In the same way, a prospering company gets more inefficient because it gets bloated and it gets lazy. And it just gets fat. And so the moment it then has to respond to a market shock, which happens every 7 to 10 years, the big bloated economies crash the big bloated businesses wind up and the dynamic, nimble well run businesses thrive. Yeah.

And also startups thrive in these types of environments because startups have to focus on core value. They don't there's no fat on them. So they have to go straight to a market need. And they don't have any of the all the legacy organizational bloating that lots of businesses have. So look, my business was fat and bloated not worth anything. And, you know, the market correction, broke it out. And you know, the only thing you can do if you're in any way a rational adult is to go okay, I didn't build that very well. And to build it better next time, I suppose. And so for all of those people that have kind of had the rug pulled out from him, I don't mean to sound insensitive.

But you know, there are worst things that could happen, then you have to rebuild a business. Despite all this COVID stuff, you've still got, you know, a child dying of malnutrition every four seconds. I don't have problems compared to what that must be like. So my whole approach is, okay, learn the lessons, reset, reinvent and kind of go for it. The reality is, is with the right experience, with the right track record, a business should be able to go from about zero to a million in revenue in about 12 to 18 months, pretty easily, again, with focus and commitment and dedication, if it's the right type of business should be able to go to 10 within about three to four years. I mean, that's not a lot of time you can get Yeah, you can totally rebuild your life pretty quickly doing that, but I think you got to get out of your own emotional way.

But I think the thing is, is that some businesses that are succeeding right now, the businesses that are booming right now, that have got a lot more activity right now the problem is when anytime anybody environment changes to make an organization busy, that business doesn't tend to be profitable. Right? Because they tend to be reacting and they putting on more team and all of a sudden harness all the good times their costs balloon out, they don't have the same rigor that they used to have to have where there wasn't this surplus. And then whenever the context of what made them busy disappears or the honeymoons over, which will happen with all this COVID stuff, then often they drop back to where they were, but their fixed costs have gone

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up, they didn't make the profit, they're more tired, and they haven't built a better business as a result.

So this is one of the things that I'm advising, you know, the businesses that were fragile and they're out or they're broken, it's like, how do we reinvent for the next push of the economy. And for those that are doing really well and getting lots of activity out of this, I'm helping them try and make sure that they're focused on building the right assets. So when the context changes that they're left at the high watermark, positioned as you know the key person of influence the leader in their industry they've expanded their sales and marketing assets so they can maintain that level of inbound opportunity, etc, as opposed to dropping back with the tide. And it's very hard to do that when you're busy.

**Joanna:** Yeah. And look, I just think it's an amazing opportunity. As I said, there are so many professionals that I deal with on a daily basis who say the disappointment of business owners that say up here is the opportunity for business owners to have that revelation early, you know,

**Glen:** Yeah and if they're listening to this, it's just about personal responsibility. You know, the reality is your business needs to be groomed for sale in the same way that you're going to renovate your house before you sell it, you're going to tidy up the rooms, you're going to get everything squared away. You got to go do it in your business. But if the vast majority of business owners and again, if you're listening to this, think about where's your bias? Do you think more about the P&L or the balance sheet?

And I will guarantee that again, 99 and a half percent are focused on P&L. How do we make more sales save costs if that's where your head's at your business's highly unlikely to be worth anything at sale. Right? If you haven't been spending the last three to five years actively thinking about grooming your balance sheet, then just recognize that there is an entire world of value that needs to be developed that you're not yet tuned into. And it's not hard to tune into it. And it's not hard to develop it, but it takes time and it requires focus.

And so typically My advice to business owners is that the moment you get your product and your service and you get out of sales and you get out of delivery, that's kind of your P&L side of things. Your job is to shift gears as the founder as the owner as the chief shareholder to focus on your balance sheet because that's where the wealth has the opportunity to come from. That's where your multiple comes from.

**Joanna:** Yeah, absolutely. So what casting back then we've had this revelation in your business in your life, what did you do next? So what was the path that you took?

**Glen:** I cried into my dooner.

**Joanna:** Hahaha.

**Glen:** I said I don't want to do all this work?

**Joanna:** Hahaha. Yeah. I love it.

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**Glen:** I was out. I thought I'd won the race. No really, it was hard. I switched off. I went lived in Bali for two years. I was beaten. Yeah. And so you know, when I said, just get back on the horse like I had to, I had to really shake myself off for a while. I didn't have a choice. Yeah, right. So I took some time and I kind of re-energize myself away from the chaos. I don't know if I need to do that now. But I felt like I needed to do it then. And then we just got to work. You know, our argument now that we've learned is of all the assets to produce. If you're a small, medium business, the fastest way to create a breakthrough in your business is to show up as the go-to brand more important than systems or processes or culture or any of that sort of stuff.

It's how do you show up as a leader in your industry? How do you show up as visible, valuable and connected, not just your audience, but to the team because what that essentially allows you to do that God That organizing force makes it easier to attract a team and easier to attract clients, partners, media investors, whatever the case may be And so I mean, our whole business model is built around helping businesses develop the assets of influence. So they show up as the visible, valuable, credible brand, which often just increases the value that a potential acquirer sees in them. And so that's where we started, right.

And what's crazy is, that's exactly what we're doing with those sort of first 10 clients we worked within you know, the 2000s. We help them develop their pitch and we help them publish content, we help them productized and we help them raise their profile and we help them establish powerful joint ventures with key brands that gave them credibility and we like we packaged them all up and that made it very easy for us to pull a crowd and for them to get cut through and they all navigated the GFC beautifully and we got crushed. Yeah, the first thing we did is we started developing our own assets of influence, you know, the key person of influence book and our courses. programs and accelerators in my own podcasts and our videos and all of those digital assets, not to mention our personal brand, one of the big things that I saw was incredibly valuable back in 2009 is the people with a personal brand that people had trusted with did really well, they didn't get wiped out, it was the people that had fragile businesses and their value was not known as an individual got wiped out.

Whereas at least if you have a personal brand and reputation, your business can get wiped out, but you're still known, liked, trusted, respected as an individual with skills and capability and we thought, Wow, so we focused on our personal brands, we focused on developing digital assets, we focused on building the assets of influence first, which allowed us to attract clients and team and everything cheaper than our competition more effectively than our competition. And then we started developing the operational assets, governance assets, the HR assets, the culture assets to kind of reinforce that and you know just on the sales and marketing or the positioning assets we became the ninth fastest-growing company in Australia. Wow. But but but it almost burnt me out yeah yet again I'm now that I'm three years four years after the GFC. I'm crying on the beach a few weeks after award of the nice night fastest growing company in Australia because my company was about to rip itself apart from the inside out, become too successful on the other end because I overcompensated developing the sales and the marketing assets. And we were being swamped in this opportunity.

But I didn't have enough of an understanding of the operational assets of how to

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frickin' run a business. And I'm like, okay, I've never done I've never gonna work this out, there's always gonna be something new. I think we've turned a corner. I live a good life. I have a very stable business. We're doing well amidst all of this. Our acquisitions are doing well. So we're also in publishing video production and technology. All of those things are doing well. I feel like we've cracked a bit of the code. And what's ironic is we made the decision about five years ago that we never wanted to sell the business, we wanted to build a business that we would never sell.

**Joanna:** That's fascinating because I was about to ask you, Glen, do you ever now reflect on whether you have a saleable business?

**Glen:** All the time. Every quarter. We want to build the saleable business that we never want to sell. And that's the trick. The trick is the way to build a business that gives us time, money and fulfilment is to build a business that's eminently valuable from an external perspective. But the way we really started to build the thing that would be valuable from an external perspective was by building it to never sell it. Yeah, if the exit was off the table, what would we want the business to do? Or we would want it to print cash without us we would want it to deliver remarkable outcomes for its customers we want it to attract and retain incredible team you know, we would want it to be you know, recognized for operational excellence and efficiency would want all these things and so therefore, We would want to be able to look at a single dashboard and make sure the whole business is running really efficiently. And, you know, if we were never gonna sell it, that would be a great business to have.

**Joanna:** I just love that. You say that though, Glen because I was actually having this discussion yesterday with some really good-sized business that's out there acquiring a whole heap of businesses at the moment. And they said to me that, you know, their proposition is that they intend that every single business they buy that they will run it in such a good way that they'll never ever want to sell it and you know, so there you go, just twice in two days. We've heard great businesses say the same thing. So clearly, there is some real truth to what you're saying, Glen.

**Glen:** Yeah. Well, I think the moment you decide you want to sell Don't get me wrong thinking to sell the thing has a has some value in that but often, I feel energetically people lean out from the thing. Right. And I love it. I don't put that full energy into it. It's kind of like they just building this thing to cut a flick. I don't know, right? I mean Jen turbine, and we, we decided to have a 12-month tree change before my daughter needed to go to, to two schools and I love snowboarding and now skiing, right? And if you're going down the mountain, there's a for any of you that can relate to this, whether it's skiing or surfing or any other gravity type accelerated or really accelerated sport. There's something about when you're energetically leaning into the mountain. I'm having a great time you carving it up, you know, you jumping around, you pop it off, jumps in, like you're in, you're locked into the thing, the moment it starts getting a bit cold, you're a bit hungry, you've fallen over one too many times. You're just a bit rattled, and you're no longer energetically leaning into the mountain. shit goes downhill real fast.

**Joanna:** Literally.

**Glen:** You get hurt and It's not fun. And everything goes to custard. And I feel like you know, you see people, you see these little newbies chasing passive income. And

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it's the same thing. It's just in the end, they're looking for the thing that allows them to perpetually energetically link out. Yeah, of value creation. And I think this like fantasy of exit does the same thing. It creates an energetic. It's not really my business. I'm just building it to sell it. Right, right. And I'm not saying it can't be done. But I'm saying I believe for the majority of business owners, that's the wrong approach. And the right approach is to go, how do I build this thing that I would never want to sell it? You know, it's got an amazing culture, it runs well, it prints cash, it doesn't need me I can go on a holiday. That would kind of be what you'd want to design a business for. And that tends to lead to getting the outcome you want if someone does want to come along, but again, you know, this whole thing of exit, it only makes sense if it's a life-changing amount of money or you just really hate the industry and you want to change it into something else or something like that because otherwise you could just start something new and startups suck.

**Joanna:** Yeah. Right.

**Glen:** So if not a life-changing amount of money then bust. So if a life-changing amount of money, you're only going to get a life-changing amount of money if you build the thing that you don't want to sell, so, therefore, you really only got one option. That's how I see it.

**Joanna:** Glen, you are as always full of so much wisdom. I have absolutely loved this discussion today. But I've got so many more questions that I feel like I really need you to come back at some stage.

**Glen:** I would love to.

**Joanna:** Maybe we can talk about acquiring businesses because you talked about acquiring a few businesses along the way. And we love conversations at the coalface we love to talk about the experience of businesses as they're buying. And as they're going through that process of learning the highs and lows and mistakes that often happen along the way. So would you come back on the show and join us, Glen? Another day?

**Glen:** Of course I would, I'll even write my business partner Dan into it as well. I love it. He's got a lot of insights around the acquisition side of things as well.

**Joanna:** Absolutely. Okay. That'd be absolutely fabulous. Well, in the meantime, Glen, how can our listeners get in contact with you at KPI Dent?

**Glen:** Well, you can just google Glen Carlson and all the stuff will come up. But more specifically, the best point of contact love to if anyone wants a copy of the book, we'll send that out free depending on where in the world you are Australia that helps anywhere in the world. We can get your digital version. If they go to KPI as in [keypersonofinfluence@workshop.com](mailto:keypersonofinfluence@workshop.com) certainly through all this COVID stuff, but people might be listening to this later, that will still redirect to every now and again I do a live kind of chat of Squawk Box on how we're seeing the world. Kind of like what you're doing here but we see it through the lens of becoming a key person of influence and building those assets of influence, more so than an exit or an acquisition. So if you go to [KPIworkshop.com](http://KPIworkshop.com) you'll go down that little rabbit hole funnel sort of a thing and you know we'll give you access to the book and we'll

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connect you to our podcast but if you want to reach out to me directly it's just glen@dent.global

**Joanna:** excellent now if you happen to be running along the beach, hopefully running not standing still at this age of covert running on the beach, in your commute on the way to work, probably not if you're listening to this where we release it, but we will put links through in our show notes, so you don't have to write that down.

**Glen:** Don't know what beaches you're running on at the moment.

**Joanna:** Hahaha I know, It's crazy times Glen, you know, at the moment,

**Joanna:** Glen Carlson I just want to say an absolutely massive Thank you. That was a great discussion.

**Glen:** It's been awesome. Love it.

**Joanna:** Wonderful. Okay, that's a wrap.

**Joanna:** Well, that's it for our final episode in this two part series, all about how to turn your own saleable business into a business that has value at exit. Now if you'd like more information about this topic, then just head over to our website at the The Deal Room podcast.com or the show notes and both of those places, you'll be able to download a transcript of this podcast episode if you're one of these people who love to see it in words, so that you can really dig into the detail at that website. You will also find details of how to contact Glen Carlson or Dent Global and even complete one of those scorecards yourself and see how your business is rating right now.

At thedealroompodcast.com website you'll also find details of how to contact our legal Eagles at Aspect Legal. If you or your clients would like to discuss any legal aspects of sales or acquisitions, whether that's gearing up for a powerful exit or perhaps using acquisition as a growth strategy for your business. We have a whole range of services to help business owners maximize deals, and work with clients both big and small with different types of services, depending on size and complexity, so don't hesitate to book in with one of our legal Eagles if you'd like to find out how we might be able to assist well that's it I just want to say a massive thank you for joining us in this two part series. I absolutely loved it. I hope you did too.

And I hope you got a lot out of it. So I'll just finish up by saying once again, thank you to our listeners for listening in. You've been listening to Joanna Oakey from The Deal Room podcast, a podcast proudly brought to you by our commercial legal practice Aspect Legal. See you next time.