

'Muscle and Feel'

By Brad Schow, COO, HTG

Just back from our meetings in London and HTG Q1 is officially in the books. We received very positive feedback on the "Entrepreneurial Journey" concept we talked about in the Q1 video and in person with a few groups in the United States, Europe and APAC. We heard that the narrative resonated with you and there was some good discussion around what areas you provide "muscle and feel" for in your company.

In Q2 we are focused on legacy. As you begin to build or refresh your plan we want you to remember why identifying and building leaders to replace the areas in which you provide "muscle and feel" for is so vitally important from a business legacy standpoint.

Part of the Entrepreneurial Journey often includes Merger and Acquisition (M&A) activity. Having watched quite a bit of M&A activity over the years, we have seen many different outcomes. Each one of you will eventually have some kind of M&A activity. One of the common outcomes happens when an owner anticipates a value for his business based on current values. A potential buyer is identified and general pricing agreed to. When the time comes to put particulars together for a deal the owner is "stuck" working with the company they just sold. Why? Because the buyer realizes the value of the business is almost exclusively with the owner and it hasn't been pushed down into the business itself. The owner is stuck working for a year or two for the new company (not easy to go from being an owner to an employee) and must work out how to keep the business going - and growing - without them.

Why not do that now? Doing so allows you to grow your business faster, hopefully get a higher valuation (as you transition from "muscle and feel" to proper management you will undoubtedly increase efficiency and profitability), and you will be able to exit in a much shorter time frame.

As you consider the business part of your legacy plan, think through what areas you provide "muscle and feel" for. Then add it on to your leadership plan to build your replacement. Continue the Entrepreneurial Journey, build leaders, identify areas to improve, and solidify your plans. We're here to help. Let me know if you're stuck.

Brad