

Elizabeth Mower:

Hello. This is Elizabeth Mower, president of BEI.

John Brown:

I'm John Brown, the founder of BEI.

Elizabeth Mower:

Each episode we take you into the world of exit planning, sharing the stories, struggles and opportunities of business owners and their advisors. We'll get into this episode's conversation right after this.

Jared Johnson:

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John Brown:

With me today I am pleased to say is David Jean, a BEI member in Portland, Maine, a CPA by profession. You can tell because he's got a pencil in his pocket. David and I have known each other for some time. We're going to talk today about the difficulty and the challenges of getting the attention of business owners, what David does to do that.

John Brown:

We're going to also talk about how to engage business owners once we've had those initial conversations, what that process looks like, what the conversation is. David is a little different type of a CPA in that he has a great conversational ability. A lot of us as a lawyer or CPAs, we haven't really developed that skill as well as we might want to. David's a great example of what to do right in that whole world.

John Brown:

David, again, welcome to the podcast. Let's just get started with maybe give me some background on why you're interested in exit planning for your clients? Then we'll move into how do you get the attention of all these owners who are busy? Who may have an idea of what exit planning is different than what it really is? We can move it in that discussion. But, first of all, why are you interested in exit planning?

David Jean:

It's always an area that I've always enjoyed consulting with our clients. Really what happened is over the years a lot of accounts naturally do a lot of transaction planning. For many years I did a lot of transaction planning and I got to the point where I felt that there's got to be a better process. It was very reactive, not proactive. We weren't getting to the business owner early on to help them plan and so forth. About five, six years ago, I was really in search of a platform. I felt what I was missing was a platform to help

our clients, our business owners have successful transitions. I evaluated a number of different options and I was really most attractive to BEI.

David Jean:

At that time, I thought I knew what exit planning was, but after I went through bootcamp, I got my CXP certification, I realized pretty soon that, no, I really didn't understand what exit planning it was really about. With the BEI platform, the education, the certification process, the networking, it really gave me the tools to really expand with all the services and really do a much more effective job in helping business owners.

John Brown:

Did that change the conversation you have with both your clients and prospective clients?

David Jean:

It was a complete different approach. The conversation was completely different. Instead of really focusing on the transaction, really focusing on really what are your objectives? What are your financial, as well as non financial objectives are? Again, with a lot of the BEI tools, a lot of education and process that the conversation was really quite different. It was really understanding kind of big picture. Let's not get granular too quickly. Let's not talk about the mechanics of the transaction. We're ways off from that, but really what are the objectives and then those sorts things?

John Brown:

If, for example, it's a business owner that you haven't worked with before, not a client of your firms. What are the expectations in the owner's mind when they first start to talk to you? Are they coming in to specifically talk about exit planning? Or are they all coming in also as a potential client of your accounting firm, your CPA firm? Is there different conversations between the two of them?

David Jean:

I would say what we try to do when we have a prospect that I've got a meeting with, what we do is we send them an assessment ahead of time. Really a preparedness or readiness assessment to see where they are in the exit planning process.

John Brown:

Wow.

David Jean:

They do that ahead of time. Then I like to review that ahead of time so I can kind of get a sense of where they're at. So when we meet, it's a much more sort of focused conversation in terms of, "Look, you've really done well in these certain areas of preparing, but there's some areas that you either haven't considered or for whatever reason you haven't thought through some of those issues."

John Brown:

Those are issues that are important to the owner. He or she has identified that in the assessment, right?

David Jean:

What's great about the assessment is this is not my words, this is not my self-assessment, this is your self-assessment. This is where we're at.

John Brown:

That's great.

David Jean:

I think it's a great place to start.

John Brown:

We always talk about exit planning in the context of being owner-centric. We're trying to find out what the owner wants and needs and then to make certain through our planning process that he or she's able to achieve that. You in a sense are starting right off the bat with helping the owner figure out and helping you understand what is concerning to the owner.

David Jean:

Right. We talk about pain points. I always tell the owner when you meet with me, on a piece of paper I want a worry list. Give me a worry list and prioritize the worry list. I know we're in the planning process, but what are some of the things that are really keeping them up at night? I need a worry list.

John Brown:

Is that list accounting worry list, tax worry list?

David Jean:

It could be anything. It could be marketing. It could be sales. It could be personnel. It could be industry issues or whatever. What are the things that I keep in the owner up at night? I think that's really important to understand what the mindset of the owner is at that point in time.

David Jean:

The other thing too that is really important in the initial meeting, and you kind of already sort of alluded to it, is that I tell the business owner, "This is not my plan. This is your plan. We're just a guide. We help you guide through the process, provide a lot of options, provide a lot of counseling. But at the end of the day, it's your plan." I think what that does is it really comforts the business owner knowing that I'm not there to tell them what to do, how to do it, what to do, when to do it. It's their plan.

John Brown:

Maybe I'm assuming too much here, but that approach is very different from the typical accounting approach. Because you're telling the owner what he or she needs to do to save taxes from a financial perspective. You're telling them what to do. In that relationship they're expecting that. They're paying the CPA, or the lawyer, when I was practicing as a lawyer, they're expecting advice from us and telling him what to do. In exit planning, we're totally turning the tables.

David Jean:

Right, right. They're telling the story. Through this process, obviously, just to go back a little bit as well, so I talk to my clients. I'm agnostic. It doesn't matter if you liquidate, you sell to a third party, an inside

party, a family transfer. For me it doesn't matter. I'm agnostic. It's whatever makes more sense for them.

David Jean:

We start off with, as you know, with so many doors. Then through the assessment process, through the discovery process, we start closing doors. Then we get more focus on really what the objectives of the owner is. That's what BEI process has really kind of helped.

John Brown:

I come in as a brand new client. You don't know much about me. You've got the assessment though. You know what some of my concerns are: how long does this initial process last from first encounter to when you're going to be engaged and you're going to start to create the plan itself? Is that one or two meetings? Might it be more or less?

David Jean:

I find probably, we have the introductory meeting usually we talk about the seven-step process. It is a lot of information to digest at the one time. Typically what we do is we explain the process and so forth. Sometimes we'll kind of give a range of these and so forth of what the expectations are. Very seldom, they say, "Let me sign the letter."

David Jean:

Typically, it'll be usually another meeting after that. Because at that point in time they've thought about it, now they've got more specific questions. Again, more granular in the process, the deliverables, the expectations. Then they'll kind of bring other concerns at the table. Usually one or maybe the second meeting, typically at that point in time they've got to get an idea of, "Do I move forward or not?"

John Brown:

Right. They're finding out about you. You're finding out about them, seeing if there's a personality match maybe for lack of a better term. "Can I work with David Jean?"

David Jean:

Correct.

John Brown:

"Can I work with this client?"

David Jean:

Correct and vice versa. They can be a good client. I mean, is it someone that's got a lot of integrity? Do I feel that they're going to be receptive to ideas and suggestions? Are they committed to it? That's one of the biggest challenges getting the owner to finally get over that emotional hurdle of saying, "I'm finally ready." If they're not ready, there is nothing I can do to help them. That's a critical piece of the platform.

John Brown:

It's ready to plan with you and to open up to you about their concerns. That's interesting. I'm going to switch topics a little bit. There are all of these owners out there that need to do exit planning. We know

that. They may not know that. They may not think they need to do planning. How do you effectively reach out to them? I mean, how do you get your message across that they need to do planning and you can help them?

David Jean:

What I try to do is I try to have them vision for a moment what would happen if they weren't around tomorrow. I ask them, "Walk me through, God forbid something happens to you tomorrow. What does this look like? Who's going to manage the business? Does your spouse or do your family want to be involved in the business? Who's going to make those decisions? Are you going to bring it to market? Are you going to continue to run it through the ...? What does it look like? Walk me through it and visualize it."

David Jean:

I think they're, they can start to get a sense of, "Geez, perhaps I'm not as prepared as I thought I was." Then the other thing that we try to do is talk to me about when you do eventually sell, "What does it look like after? What do you see yourself doing?" But again without that commitment to do the planning, it's really I find the biggest challenge is getting business owners over that emotional hurdle.

John Brown:

Is it difficult for you to attract owners? Not from a client standpoint, but just to get their attention to come in and even start to talk about planning. Is that a hurdle or is that something that is not as difficult for you to do as one might think?

David Jean:

No, it is a challenge. We do a lot of marketing. We a little do a lot of business development activities to try to get business owners at least thinking about it and try to get them in the office to have that conversation. But I don't think getting business owners to talk about it is particularly difficult. Getting business owners to take action I find exponentially difficult. We obviously don't use scare tactics and to get them on the emotional trip so to speak. We try to avoid that. But that's a challenge.

John Brown:

It's interesting.

David Jean:

To get them to take action. They know they need to do it. They recognize it. They recognize it, but how do you get them to take action?

John Brown:

I'm going to start extra planning, but just not now.

David Jean:

Five years from now, right?

John Brown:

Five years, yeah. We're only five years-

David Jean:

Five year period and we see that all the time. Although there's sometimes I do find that if there's a major event sometimes that will sort of expedite the process. I had a situation with a regular client last year. They had a grandchild. That grandchild was out of state. He said to me, "Geez, I want to spend more time with my grandchild," and that sort of stuff. "Maybe I need to really start thinking about it." Well, sometimes it's a triggering event.

John Brown:

That triggered him to want to do some planning to maybe develop a management team so he didn't have to be there or was it-

David Jean:

Yeah, I mean he's got a strong management team. It's just a matter of him sort of leverage a lot of his roles and responsibilities, transfer a little more ownership, get them a little more invested. He was in a fortunate position where he did have a good management team. He had a successful business. It's just him not wanting to let go a little bit. Now I'm getting a little more pressure, particularly for the spouse, to spend more time with the grandchildren was a life-changing event.

John Brown:

That's interesting. I've never given that enough thought. That's really an interesting thought. One thing I've noticed because I was out in Portland and you and I gave a talk to a bunch of business owners that you organized on very short notice. It was like three or four weeks I think, wasn't it?

David Jean:

It was very quick.

John Brown:

There were 50 or 60 owners in the audience.

David Jean:

Exactly.

John Brown:

How did you do that? Because that, man, I don't know of any of our other members who have done something that fast and got that kind of a result.

David Jean:

A lot of the invite materials BEI had provided. We just rebranded it. That was a fairly quick turnaround. You've provided us with a sort of a presentation template that we're able to we did collectively. We modified a little bit. Then we made some minor changes to it so I didn't have to reinvent the wheel there. We have a pretty strong CRM system. We did have a lot of names in the database already. We used the BEI newsletter. We got about 1,200 names on that.

John Brown:

So you sent that out?

David Jean:

It went off pretty quick. The other thing is that we had invited a couple of sponsors to help participate in the event. They also reached out to their prospects and clients as well. They helped support the event. Quite honestly, if we had more lead time, I bet we could have gotten to 100. I really believe that if we had more of a drip campaign and we did some advertising and those sorts of things. But again, because of time limitations-

John Brown:

Now have relationships developed as a result of that single event? You probably follows up with people. Did anything ever transpire either with the owners that attended or with the advisors you were working with to get the event organized?

David Jean:

Yeah, I'm trying to remember. I think I had two, three follow up meetings with other advisors, particularly financial advisors. I believe that it might've been an attorney that I might have followed up with. We did solidify some relationships there. Those we continue to groom, so to speak. That was valuable. I didn't get any immediate engagements at that time.

John Brown:

Which would be typical.

David Jean:

Typical, but as time goes on there have been a couple of actual engagements that we've been involved in. One of them was a sale to a private equity group that was a fairly large transaction.

John Brown:

Yeah, that would be great.

David Jean:

That was great. We're currently working on some other projects that are more specific projects that hopefully will translate into more comprehensive exit plans. Sometimes prospects or new relationships you kind of want to kind of test drive the car before they buy.

John Brown:

Have you done follow-up seminars that you've given yourself or in conjunction-

David Jean:

We have.

John Brown:

... with other advisors?

David Jean:

Yes. I try to do at least a couple every year. Sometimes it's sponsored by our firm or other times. I've had a couple of banks that have asked me to come in for a dinner speech. Those have worked really quite well. I just show up.

John Brown:

Just be yourself, right?

David Jean:

I just be myself and those have been very effective. I've also been involved in a number of presentations in conjunction with an association meeting. You've already got a standing room and those work extremely well because again, there's very little work on my part. They've already got a standing room because it's a conference for the day. I've found those to be very effective as well.

John Brown:

I guess in my world, our world, speaking, writing are always to get the attention of owners that who you don't know yet. They're just coming in to listen to you about exit planning. Then as you said, you've developed business from that and it probably continues to come in.

David Jean:

In fact, this past year, actually about springtime, I was really quite fortunate. We do a lot of networking, article writing. We're starting to get a reputation in the local community. In Maine, we have a very sort of the largest business publication reached out to me to be part of an interview. They had a special edition on sort of business' succession planning.

John Brown:

Wow.

David Jean:

It worked out because not only was I quoted. I had a picture and a bio that was in place, but they also asked me, "Is there somebody that I work with that could also be interviewed that I did an exit plan for?" I said, "As a matter of fact, I do." Which was a very large, reputable construction company. The contractor was interviewed, quoted and also quoted me in the article. I got about four or five calls for exit planning and succession planning consulting services. You can't beat that sort of advertising.

John Brown:

Part of what we try to do at BEI for our members is to make them visible as experts in exit planning. There's a great marketing org organization called Hinge Marketing. They do a lot of that type of work. What we're trying to do is to give advisors the tools to become that expert. You've used those tools. You're the expert in that part of Maine, if not farther in exit planning.

David Jean:

Right.

John Brown:



That's priceless.

David Jean:

I think with a lot of the marketing materials, I think I got ahead of the curve. Right now we're seeing other advisors trying to brand themselves as exit planning experts. I think we kind of got to the market maybe a little ahead of the curve. I think that's been helpful. I think it's been helpful as well.

John Brown:

Excellent. What else do you want to talk about? Anything you want to talk to suggest to owners or to advisors about this whole planning world?

David Jean:

It's actually important to planning and how important it is, and even taking sort of you can call them baby steps, so to speak, trying to get the process going. Sometimes with business owners they're sort of intimidated by putting together a long-term comprehensive exit plan. But sometimes if you kind of break it out and in certain pieces, let's do a simple step here that when you have success, then you can say, "Let's do this little step here." The more success you have, the more confidence there is and the more you're apt to move forward. I think that's really important to sometimes start small and to work your way up.

John Brown:

I think that's part of the process is, and I would bet that most of the exit plans our members do are not the full-blown seven-step exit planning process. It's knowing the owner's goals or wants, their needs, their resources and then maybe it's that contingency planning that's of concern. Maybe it's dealing with the management issue. Maybe it's dealing with some other business-related issue. Maybe it's bringing in another owner. It's just you're right, it's the smaller steps that form part of the larger plan that can all work together.

David Jean:

Exactly, particularly with a new relationship. Sometimes again, it's wanting to at least have some interaction or at least do a little bit of consulting work without them going sort of the full distance at first, because they want a new trust. They want to make sure there's a competence level in there. I can understand that and respect that. But the goal is to keep kind of chipping away at it. I guess it's important.

David Jean:

The other thing I tell business owners, I say, "Exit planning it's just not exit planning, right? It's business planning and it's estate planning. They're all interdependent."

John Brown:

Absolutely.

David Jean:

"They're all interrelated." I think when you kind of help business owners understand that it's all interrelated, then I guess sometimes it diffuses some of their concerns about really what exit planning is. It's really about preparation.

John Brown:

In that scenario, let's say it's estate planning. You're not an estate planning attorney, but there's a clear need for estate planning and business continuity planning. There's a legal aspect to that as well. Do you then work with the client's attorneys? Do you have your own attorneys that are part of your informal team that you would bring in? What's that relationship with other advisors?

David Jean:

Usually what I do is when I meet with the prospect, I usually ask them who their advisor team is. If they're very comfortable with their team, if they feel it's a good relationship, that they're getting the advice and the productivity that they need. If they say, "I don't really use them very often. I'm not sure that they'd be the best fit for this particular project," then sometimes I'll say, "Well, I'm happy to introduce you with someone who's an expert in that area that I work very well together, very collaboratively together." But I don't really force a change. I tried to work with their existing advisor group. I'm usually sensitive to those relationships.

John Brown:

Plus it builds confidence in you. If you're happy to work with their advisors, they're going to feel better about the process I would think.

David Jean:

Of course the challenge there with the BEI model it's all about collaboration and making sure these are collaborative. Sometimes you don't know until you start going through the process and you realize we need better communication and so forth. But I think that it's imperative that advisor group is that whoever is going to be quarterbacking it has got to be respected in that position. Because you don't want everybody working in silos, which is oftentimes the case.

David Jean:

It's really important that the owner decides or agrees to say, "This person, I really want this to be the quarterback so that everybody can work collaboratively through that one individual." The owner isn't necessarily constantly having five different conversations about the same matter, but just have the one conversation, but includes the collective thoughts of the advisory group.

John Brown:

That's part of the process. That's part of our process. That's great. This has been interesting. It's been great, valuable and this is why we plan.

Elizabeth Mower:

Thanks for listening. Join us for our next episode. For more content like this, please visit [exitplanning.com](http://exitplanning.com).