How to Hyper Accelerate the Value of Your Business Masterclass

Held Tue, Dec 16, 2025 2:37PM • 57:51

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Thank you Skyler. I very much appreciate it. Thank you everybody out there for attending. I hope to give you some useful information about how you can hyper accelerate the value of your business. You know, this has been my background for quite a while. I started my career Early at 15, and sold my first company when I was 15 years old for what amounts to about three and a half million dollars of today's money. Then went on to build six software companies, each of which I exited for for good nine figure exits, and then have since guided over 400 firms to very high valuation increases. So sort of earned the reputation as the value growth activator and and I want to share some of the secrets that I've learned over the years with you all to help you accelerate the value of the enterprise you're building.

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Our proprietary methodology is really broken down into a number of different sets. I'm going to cover the content of that and sort of show you what we do in order to accomplish this outcome.

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One of the first things that I like to ask people is, why are you building a business? I fundamentally believe that entrepreneurs are special kinds of people, and what I know about them is that typically, they're motivated by something much more significant than just the business that they're focused on building. In other words, that they're building a business for a purpose that's larger than themselves. And so when you think about that, the value of the business becomes the critical factor. A lot of times, entrepreneurs get started, and they get so busy in the building and the growing and the building and the growing and the doing that, you know, they forget about why they started to begin with. And you know, it just becomes a protracted engagement over time. And you know, it can become a job. And I like to say to founders, look, if you if you're building a job, then just go get a job, right? Because that's a heck of a lot easier than building a business. As we all know, building a business is hard work, and there has to be a pretty big motivator behind it. So when you really think about it, what you really want to focus on is, how am I going to build the asset value of the enterprise I'm building? And how am I going to do that as quickly as possible? You know, a lot of times when we get into conversations with founders, you know, they talk about, ah, you know, I don't, you know, I don't want to exit. Or, you know, exit is something out in the future. And you know, when I did a bunch of interviews about 12 years ago, before I started zero limits, I interviewed about 500 companies. And what was interesting was when I asked them what they what their exit strategy was almost, almost nobody had an answer. They had an answer that sounded something like, well, we're going to grow and someone's going to buy us, or, you know, we'd like to go public someday, or something. So they, they had an idea of something that happens in the future, but they didn't have a strategy. They didn't have a direction or a method to get there, right? And so a lot of times they they also communicated that, well, you know, they don't really know when they want to do that, or if they want to do that, or maybe, you know, whatever the case might be.

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But the point is, it doesn't really matter what your strategy is. You need to recognize that there will be an exit. You know, I mean, whether you sell the company, whether you take it public, whether you give it to your kids, or, heaven forbid, whether you keel over one day at your desk, there's going to be an exit. Then you want the value of this thing you're investing your life's work in to be as high as possible on that event. So it's a slightly different mindset that I'm suggesting founders have. You know, one of the other questions that I spend a lot of time on with founders is, if they really understand what I refer to as the value dynamics of their business market. In other words, do they understand what's driving the value of a business right? So I think we have a poll question for this one. Might want to run that up there real quick,

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and this one is a short answer. So give everyone about a minute or a minute have to put your answers in, and it will be anonymous.

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So the question here is, what factors do you believe drive the value of a business?

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Tell me when you're ready to keep going.

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Okay, so since my answer's coming in, so about 30 more seconds, and then I'll, I'll end that poll. But

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you know, you get a frog in your throat, the throat the minute you start talking. Right?

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Always, i.

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Okay, to close off this poll.

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Are you able to see the results here or not,

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or just the amount of people that answered, I just see 100% answered.

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Okay, well, why you continue? And I'll see if I can get those, and I'll put them in the chat for you to read. No problem. That's fine. So, so this is really an interesting conversation that emerges when I, when I interview or have these, these meetings with clients, is that, you know, it's people generally believe that

because we have this thing we refer to as valuation, which is a set of calculations relating revenue, earnings and some other market factors and so forth, and creating what's called a valuation of the business that that translates to value. And it's important to understand that there are different things in there for different purposes. Valuations are done for a number of very specific reasons. We sort of shortcut in the M and A World by using them as the basis for establishing a go to market value proposition. But the reality is, what you really want to focus on is what I refer to as transaction value, or transferable value. In other words, what can you actually sell the company for? Right? Not what the what the math, the arithmetic, has to say about it, but where are the real value multiples? There are multipliers that exist in a given business. And if you think it through, it really comes down to one very simple rule, the higher the risk of ownership of your business, the lower the value you'll derive from it. The lower the risk of ownership, the higher the value. So in a very real sense, as the founder or CEO or managing partner of your business, your objective is to reduce the risk of ownership, make it as as seamless and and value available to the market as possible by eliminating as much risk as possible.

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So when I did the analysis, I came up with 26 different value drivers. So this is based on a study of best best practices of over 4100 companies, right? And so what we came up with are three categories of value drivers and accelerators. You have market drivers, operational drivers and value accelerators. Now the way I would like to describe or get you to think about the market drivers and the operational drivers these first two categories is think of them as potential constraints to value. So these are things that either exist or don't exist in your business today that are potentially constraining its value. So the objective is, if we can get a deep understanding of where you are as a business relative to each of these first 18 factors, then we can understand how to alleviate those constraints. And by alleviating the constraints, we release more value to the market, right? So that's really about sort of you might call it, cleaning things up a little bit, getting things in order, getting documentation done that should have been done, and all these other little details that actually accumulate to a very substantial amount of transferable value,

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then you have what I refer to as value accelerators. Now, these are things that allow you to add value to the enterprise you're building, things like brand equity, business and distribution model, AI, applications and automation, data strategies. These are just some that are listed here. These things we

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align with the value interest of the prospective buyer. So I'm going to get in more detail on that a little bit later, but these are the areas you can focus where you can really begin to dramatically accelerate the value of your business. So for instance, I'll give a quick example. One very significant factor is an Impact mission. Now, when I refer to an Impact mission, I'm not referring to a charity bolt on. I'm referring to an Impact mission something that the company as a whole and the people working in the company are committed to accomplishing in either a social contribution, environmental contribution, economic contribution, whatever the case might be, right? So like to think, you know, Patagonia. When you think of Patagonia, you think of green energy or green right? And so that's a significant brand identifier for the company, and that's what we're really talking about when we talk about an Impact

mission. Now, impact missions have a very, very significant effect on value, transferable value, particularly when the Impact mission that you're focused on aligns with the Impact mission.

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Of a prospective buyer. So it becomes another factor of qualification when we eventually take the company out into the market for acquisition. So this is how this works, right? Each of these has very significant value contributions, particularly when we align them with the interest of a particular buyer. So here's what I mean by that, the value of your business is very much determined by the perception in the market. And here's a, you know, sort of an oversimplified illustration of this. You know, you've got all these factors I just described. You've got revenue and earnings, of course, you've got growth rates and and other things that are important. But the thing to understand is that at any given time, any buyer that you know, every buyer, is going to have a different perspective on your value, right? So they have a different motivation. Each of them has a unique motivation for wanting to acquire you. So I'm going to give you oversimplified example, admittedly oversimplified so so you have all these factors, but let's say there's a buyer out there that's looking at the business and or potential buyer, and their primary interest is in your ability, your sales and marketing capacity, so Your ability to find customers, acquire customers, grow customers, retain customers, and so forth and so you might have a particularly talented or particularly skillful capability there, and they would be evaluating your whole business. But for them, the principal motivation would be to get that methodology incorporated into their business so they can sell and retain and grow more clients themselves, right? So that's really about selling more products to, you know, in your market. So that could be a principal motivator, just as an example. And let's say to them, as they go through that evaluation, they see that as being worth, let's say, 10 times EBITDA, right? So they're going to associate and they're going to create a representative offer to acquire that's going to be at least in large part related to the factors that are related to that the sales and marketing capacity of your company, right? So that's how they're going to base their their the calculus for their offer. Then at the same time, there's another buyer, and maybe they're interested in your company. Of course, like the first, they're interested in all the aspects of the company, but maybe their primary motivator is brand or IP, or perhaps your people, right? They maybe they want your talent, whatever the case might be, and let's say whatever that factor is, that to them, that derives to a value worth, let's say 12 times. EBITDA, all right, so if you knew nothing more than that piece of information, that buyers who are interested in you because of your Sales Marketing methodology and buyers that were interested in you before your let's say brand or IP, that they value you differently. One it's a 10 times. The other is it 12 times. If that's all you knew, more Think of how powerful that would be.

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In other words, if you had $100,000

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to invest in your business, which would you invest in the sales and marketing channel, or the, let's say, IP, right? Well, in this example, the obvious answer would be IP, because you're going to get a higher rate of return for investing there than you were in sales and marketing. So the point of understanding what's driving the value of your business is that you get to then use that information to move the business forward on the value spectrum, and you can do this on a continuing basis. So it's not about whether or not you sell the business, it's about whether or not you're driving the value of the business forward. So hopefully that makes sense,

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right? So

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when you think about how to do that, you develop a valuation growth plan that incorporates all of those different aspects and does it in a way that's sensitive to the value interests of the market. So for instance, when we go through this process with our clients, we do this deep dive and this deep analysis on all 26 of these factors, and we get a real clear understanding of the value strengths, the value gaps, the value opportunities that exist inside the business. And we do the same analysis out in the market. So we're looking at all the different potential buying classes, right? There's not just one set of buyers. There's private equity buyers, there's strategic buyers, there's LBO buyers, you know, all these different mechanisms for setting up the right relationships in the market, and we're looking at them through the lens of the value strengths and value opportunities that exist inside the company.

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Company. So by doing that, we can make investments in the value areas that are aligned with the highest paying buyer, and that's how we maximize and that's how you can maximize the value of the enterprise you're building. As you become aware of what the value interests of the market are, and you align your business with those value interests.

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There's really a number of different reasons that this is so powerful for you as a founder, the sex the six top reasons that I've identified is that it

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identifies the value drivers and accelerators within your business. You know, we, we call these hidden risks, or hidden, hidden opportunities. Good friend of mine refers to them as Rembrandts in the attic. So to speak, is that, you know, there's, there's hidden gems inside every enterprise. You're busy running your business. You're busy driving the enterprise value of your business. You're busy, you know, serving customers and taking care of employees, and you know, all the things you have to do operationally. So oftentimes these things buy you go right past these opportunities, because they're not right there in front of you, right? So having a process that reveals these hidden value opportunities is is critically valuable to you.

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It also focuses you on the highest return activities. As the example I just gave you suggests that you know, if you know that the most significant value accelerator for you is in the area of intellectual property or your people, then you can invest more in those areas and drive more value into the business, right? So you're actually in control of the value acceleration of the business, as opposed to relying simply on a calculation of revenue and EBITDA, right? So it also allows you to create larger, more predictable financial returns. Defines the Impact mission defines and, you know, unifies the

country the company around that and aligns the company with the right potential buyers. This is a critical factor,

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the right buyer. We call this right buyer science, that the right buyer does matter, right because the the the effort is not done. You know when you close the sale or close the transaction right what's critical to understand is finding the right buyer is is vital to you identifying you know how you're going to position the company most effectively in order to create the greatest rate of return.

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So

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excuse me, I lost my train of thought there.

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This allows you to actually secure a better relationship with the buying partner. So when you have the right company, there's a higher probability for long term success, and in an industry that boasts something like an 85% failure rate, that's a pretty significant measure. So if you can get the company aligned properly with the potential buyer, you can create a much better outcome. I call it a more harmonious outcome.

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So the question then becomes, why is this a significant thing to talk about now. Well, the obvious reason is, you know, you want to make sure that the thing you're the business you're investing in, the thing you're investing your time and energy in, is going to generate the greatest rate of return, right? But why now is that the rules have changed quite a bit. You know, there's a whole bunch of factors that affect this. It's not really just about single markets threads and single market performance factors, right? We've got over $20 trillion of potential acquisition volume out there. This is characteristically the pool of businesses that are Boomer or Gen X driven. These founders are prepared to move on sort of the next thing in their life, maybe retirement, maybe maybe their second mountain, whatever the case might be. So you know, they're prepared to move on. At the same time with the technological innovations we've been dealing with or witnessing over the past five to 10 years. There are shorter product innovation cycles, which improves the quality of company, acquisition opportunity earlier in the life cycle of a company. I'll explain that a little bit more detail in a minute. Obviously, AI has leveled the playing field. You can, you can actually compete at a very, very high level in a very, very competitive market, if you can master some AI tools and so forth. I'm sure everybody out there is working in some area in that there is an enormous amount of cash out there. You know, we keep hearing about it, and I know that everybody is attending a number of different capital raising presentations here the next few weeks, here at Opus eight on.

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Connect preneur And it's all there. There's a ton of money there, but it's you know, you need to have the right strategy in order to activate that capital effectively. And so having a methodology and a

strategy for for specifically investing this capital in a use model that actually delivers a return on value is critically important to you, right? And so then there's, there's a very, very significant alignment and desire for social impact, right? So, you know, the generation of consumers that we're dealing with now, they don't want to do business with companies that aren't focused on having some sort of social impact, or impact on humanity, or positive environmental impact, or something of that nature. So all of these factors are aligning right now, so that creates a tremendously good opportunity for you to take advantage of those interests and those factors and maximize the value of the enterprise. I wanted to give you a little bit of a framework here that is useful. This is how things looked back when I was building software companies, many, many years ago, you know. And you know, this was the time horizon for a successful exit. So think of this curve as the probability of a successful exit. And back then, the innovation times for technology were measured in years, right? So it took a couple of years to build something. It took a couple of years to get to, you know, a viable product, couple years to, you know, get it into the market, a couple years to get some traction, a couple of years to get some predictability, and so forth, right? And the point is there's this small probability of an exit or an acquisition way out in the 11 to 13 year range. Again, this is based on historic data of 4100 companies. And the thing that's significant about this chart, most significant, in my opinion, is that because of that protracted time to return

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you, you diminishing the sex success probability significantly. And the key one is that entire time from zero to 11 years on this chart,

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you're exposed to what I refer to as negative value drivers. These are things that occur outside of your control that will extract the value of the business you're building, right? So could be

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a new innovation from a new competitor. Could be a government regulation. Could be something like covid, right? Imagine the number of businesses that had the value pulled out of them, not for any failing of theirs, but because the market shifted out from under them, right? So, so really, when you think about what you're building, if you if the objective is to minimize risk in order to maximize value, the longer you're out in the market, in this stage of the business, the more risk you're exposed to, the lower the value you're able to accumulate over time. So it does make sense to move through this process more quickly.

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Back in 2015

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this number changed dramatically. You can see that all of a sudden there was a segment of very, very high probability of success that occurs much earlier, two to six years, let's say, peaking around four and a half years, right? And what was really happening here is that you had much faster innovation cycle times, right? You could actually build a product in two to 18 months. You may or may not need funding your go to market and proof were much faster. So everything got accelerated. And so the exit, the

optimum exit, time horizon, shortened dramatically to to, you know, the little over four years would be sort of the peak, right? And so what you're seeing is higher probability of success, lower dilution, and a higher rate of return is what became available in that time rate for that reason? Well, if we look at that same data set now, it looks like this, right, where all of that has just shifted even earlier, and we're now all reading, or perhaps some of you are having the good fortune of being involved in companies that you know emerge and then literally months later are demanding very high multiples and very high rates of return very, very early in their life cycle, right? So the same thing has applied. It's the same set of things. It's just more accelerated than even in 2015 so we have AI and all the other things that we're talking about, the advances in settling of cyber tools and cybersecurity stuff that's significantly important to the folks in the DC area. So all of that is driving this opportunity set for innovators in the marketplace. So this creates a big opportunity for high.

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Return earlier exits, many of them are pre revenue. I've always really appreciated this quote from Charles rim over at Google. He runs M and A there did at the time that he made this quote, and he pointed out that 90% of their transactions are small transactions. As small companies transactions less than 20 people, less than $20 million is truly the sweet spot, or $20 million is truly the sweet spot, right? So they really weren't looking for fast growth, high high revenue companies. They were looking for where the company is best aligned with their acquisition objectives, right? So understanding that part of your market is how you reduce risk and generate higher rates of return. And for those that want a little bit of proof of that, you know, here's here's how it actually looks. I mean, you think about some of these acquisitions that were happening in that timeframe, look at the average ages of these companies, one year, two years, four years, two years. I mean, these are very, very significant acquisitions that occurred very early in the company life cycle. So the notion that I'm communicating here is many founders think that they're getting on this long road to actually build a significant enterprise, when the reality is the cycle time to get there is much quicker than you might be thinking, plus it's the fundamental truth that the founder of a company, the first guy in may not be the person that should take that company ahead into the multi billion dollar range. It may be better to chart a course where you secure your equity value and step aside to allow somebody who's more skillful at the next level of activity, the next set of skills, to carry the company forward. So these are some examples of the companies that that we've done this with. And so just as an as evidence of the process and how it works, you know, we started with a company had a $20 million valuation. Nine months later, we sold that company for 120 company for $127

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million that company is now worth just three years later, $3.5 billion right? Because they stayed on this valuation growth trajectory, and they kept moving through the process of reducing risk by aligning value objectives, value drivers and value accelerators, with the interests of the market. Another company, very similar, SaaS company, right? 5.3 million starting 100 and 10 million ending 15 months later, and so forth. I won't bore you with any more of that. So what we know is that most entrepreneurs don't think about selling their companies until it's too late, right? They get they do what we call riding it over the top. And I have an illustration of that in just a minute. So here's what typically happens. This curve represents the rate of change in value of a company. So again, based on the same data set, 4100 companies, and you can see that the rate of change in value follows a curve that's pretty predictable.

By the way, almost all companies have a curve that is this shape. Sometimes it's stretched out and very flat, other times it's crunched in and very steep. But the shape is always the same. And if you think about it, it makes sense. When you first begin over here at zero, you have nothing, so there's no significant rate of change in value. Then you do something, whether you create a product or create a brand or create a market, open a business, whatever the case might be, then you enter this fast growth phase, and the rate of change in value accelerates dramatically. Then, because it's a differential factor, it gets to its peak where there's nothing happening to diminish value, but the rate of change in value begins to diminish simply because the factor of time is drawing the curve down. So here at the peak, I'm not saying this is the maximum point of value. I'm saying this is the maximum rate of change in value. So this is when value is accelerating the most, and then it begins to slow down. And I think that everybody can identify with the fact that over time, the accumulation of value of the business tends to slow down, tends to diminish, right because of one critical factor. How many businesses do you know where the founders have dozens of KPIs? They're monitoring. They're monitoring revenue, earnings, conversion rates, retention rates, churn rates, right, all these different rates they're monitoring. How many of them are monitoring the fluctuations in the value of their business? Very few, if any. And just like every other factor, if you monitor it, it improves. If you don't monitor it, entropy sets in, and that's exactly what you're seeing here. Is that over time, because founders.

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Typically do not focus on value, or the transactional or transferable value of their business as a KPI is that the value begins the rate of change in value begins to diminish, means to slow down, right, and it becomes, you know, much less aggressive.

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Where this leads to is what we sort of comically call the Valley of Death, where you sort of slip into this place where the value of your business is not changing all that much. You may be driving much more revenue, you may be growing revenue and earnings. You may be getting more customers, you may be getting more strategic partners, but the actual transit transferable value is not changing all that much. And you can get stuck here many, many companies we've worked with over the years have been stuck here for as many as years, as a decade. You know? They you get in here, and it's very, very hard to break out of this, right? Because it costs a lot of money. Something significant has to happen in order to break out of this pattern.

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So what we're suggesting, and what the data indicates, if you reflect back on what I've presented, is that the optimum time to start considering this is during your fast growth phase, right? When things are really moving, things are churning and burning, so to speak, and you're really gaining ground in value, you have evidential proof that you are on a trajectory for maximum value returns. And if you can time it so that the optimum window occurs at this peak of value, the rate of change in value, you can maximize the transaction value at that time, right? So in this case, this is happening around roughly in the three year window. That's pretty much the average for most tech firms. That could be a little bit longer, could be a little bit shorter in today's world, right? But that's really the key objective here, is to try to time this so that you're at this peak, and then what you end up with is you take advantage of this, this maximum

value potential curve here. So this is a rate of change, so you're now going to ride this value curve up. You're going to bypass the value of death, right? That's the objective. Okay?

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So some people say, Well, that's great for companies that are just starting out. What do I do if I'm past that window? What if I'm 510, 15 years old, if I lost my opportunity? Well, no, you may be way down this value acceleration curve, but it's very simple. What we do is we recommend that we restart the value growth curve by innovating, right? And there's a number of different ways we can do this for us. It starts with doing this valuation growth assessment, where we look at and devise a specific valuation growth plan for the company. We implement to begin implementation of that plan, we remove value constraints, we focus on adding value accelerators. We create more strategic upside potential. Might be new product or a new position for a product. Might be a new market opportunity with a new partner. You might do a strategic acquisition. Lots of different things can happen in this window that actually restart this value acceleration curve. And this time you do it with your exit plan in place so that you actually exit at the optimum opportunity and ride that curve up from there. Which brings us to a little bit of a side point. One of the things I recommend to founders as they're going through a process, if you can get into a value accelerating mode, so the value of your business is no longer static, but it's it's beginning to grow and accelerate. Then as you engage prospective buyers, you want to be thinking about how you're going to derive a higher rate of return from the work that you've done to accelerate value so that you can leave some money on the table, leave some money in the game. So what I do with the people we represent is we'll sell 100% of the company, but then at the very end, at close, we'll leave 510, maybe 15% in the in the company.

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Because what that does is it gives the founder an opportunity for a second bite of the apple, the next founder or the next executive, the next team running the company, are going to come up and continue to accelerate this value growth curve. So the value of your the equity you left behind is going to accelerate with that. Now imagine for a second I gave you a present. In the presentation, I told you about a company that started at 27 million. We saw 22 million. We sold it for 127

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million. That company is now worth 3.53 point 6 billion. Imagine if you were the founder of the original company where your original expectation was 22 million. So you're going to split that with.

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Partner, you'd each get 11 million, but you got 127

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million, which means that you each split basically 60 some odd million, with significant increase there. And so because you got so much more for the business, because you focused on accelerating value, you decided to leave 10% of that money in, and then three years later, that 10% is worth 3.5 billion, right? That's pretty significant gain, and that's a pretty good ride for a founder, right? So that's the kind of thing that we're asking you to think about.

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This creates two paths. One is the long path. This is what's sort of traditional, right? It's higher risk, lower founder return. Basically, you accumulate your effort for all those years, you expose yourself and the company to more risk over time, you're exposed to negative value drivers, and because you're out in the market for a long time, you're probably going to experience some some equity dilution, right? So what ends up happening is you have a lower probability to sell. Let's say you sell for 100 million, but you only own 1% of the company at that time, so you get about a million dollars for a decade of hard work, right? So again, that might be an extreme example, but you get the basic idea, or you move to a fast dash strategy, which is much lower risk, much higher return, less effort, less risk, fewer negative value drivers, less capital and less dilution. So now in this case, yeah, you only sell for 50 million, but you own 50% of it, so you get 25 right? So it's a much more significant opportunity, plus you have that hidden second bite of the apple down the road, right? So this is, this is what the mindset that I'm encouraging you to take on as you consider what is the growth strategy? What is your value growth strategy? You know? What is driving the value of your business? How can you accelerate the value of your business? Those are the questions I think you want to be asking right then. The key here is that no one can do this alone. One of the most catastrophic errors I see made over and over and over again is founders who think they can go through this on their own and actually move their company into the market on their own. It's really not a place for someone to sort of navigate through without some experience. So whether it's us or somebody else you want to work with, a professional organization who can actually help you move through a process of maximizing the strategic value of the company, getting the company in front of the right buyer, and moving through the process in a professional and constructive manner so that you can maximize The rate of return that's that's available to you.

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So here's a way that we can you can get hold of me. There's a couple of different calls to action here. There's there's a form you can fill out to get on my calendar. That's the slash apply form. Here, you can also sort of log in and see the secrets to success, secrets to value growth webinar at the slash free link, and then we'd love to have you listen in on my podcast and and check out the information that we share there.

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I think we have some questions, right? Yeah, we do. So I we have some questions in the chat.

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I'll just start it out. So how do you align value growth strategy with business growth strategy? Or does it take its place?

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It's both. So it's like everything else. If you're focused on value, you're looking at a different set of factors than when you're focused on just growth. So I'm not saying business growth is not important. But what I am saying is that business growth doesn't determine value so you so there's really two things to focus on, and so depending on how you want to go about operationalizing the value acceleration strategy, you may or may not need to focus more investment in time on business growth, but having both perspectives is what allows you to make better decisions. You know, one of the things

that that that when those those initial interviews I did 12 years ago, one of the things I asked is, you know, if they didn't have an exit strategy, or if they didn't have and didn't understand what was driving the value of the business, the question I always ask is, well, how do you make a decision?

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What are you basing your decision on? If you don't know how it's going to affect the value of the enterprise, and the value of the enterprise is the most important factor, then how do you make that decision? How do you know whether to launch a new marketing campaign or invest more time in developing more code or or, you know, invest time and energy in establishing strategic partnerships, or, you know, do webinars or podcasts or whatever it is. How do you make those decisions if you don't know how they're going to affect value? So it's really an and not so much an or hope that answered the question, let's take.

40:00

Great. Next one is, does your method require that you know who the target buyer is, and what do you do when there are multiple potential buyers, all of who have different motivations for buying your company? Yeah. Can you repeat the beginning point again? Yeah. So the first question is, does your method require that you know who the target buyer is? No you can it doesn't hurt. But what we do is we evaluate the market and what I refer to as buyer classes, so we look at the market as a whole. So think about it this way, you've got private equity buyers, and within the category of private equity buyers. You have sort of a spectrum of buyers. You have buyers that are, you know, LBO roll up type buyers, right? They're looking for leverage of economy and scale. But then you also have strategic buyers that are looking at dominating markets, so their interpretation of value is going to be completely different, right? And that's a spectrum, not, you know, sort of either or so understanding who all the that, who the buying market is, is most important. Then, of course, you have strategic buyers. And then you have, you know, other types of partnerships that move into the buyer category, bigger versions of yourself, smaller versions of yourself, right? All these different things are different. They represent different classes that are going to have different interests. So if you understand the basic interests of the class, that it's sufficient to use that sort of understanding to drive this conversation or this strategy with your company, to actually drive value into the company itself. So you don't need a specific buyer, it can, you can have one, but you don't have to have a specific buyer. But it does, in fact, guide the decisions you're making and the priorities you're implementing

41:54

to maximize the value of the enterprise. Now the question was, what do you do when you have multiple buyers. Well, you hope you have multiple buyers. That's really sort of the point. And you really want to be in a position where you're able to navigate the value of your enterprise by understanding the value interests of different classes of buyers or different specific buyers. So when we go through our process and we take a company into the market, we'll put the opportunity in front of, I don't know, 500 to 1000 prospective buyers, and we'll go through a very arduous qualification and negotiation process. What we're looking for is to get that whittled down to three to five highly qualified specific buyers, each with their own value interests that we can align different attributes of the company to, and that by doing that, we're able to navigate the value of the business and manipulate the value interests of the buyer into a place where we can maximize the outcome, right? So that's the objective is actually to understand the value interest of multiple buyers, and then you look back, particularly through the information that, in our case, we create with our valuation growth assessment process. But you get all that data put together. Now you can actually look at that data and see this data aligns with the value interests of this buyer. This other data over here aligns with the value interest of that buyer, and that buyer is a higher value buyer than this buyer. So that would allow you to choose in a priority basis which you're going to focus your attention on.

43:33
Okay, great. The next one is, I think you said 4100 companies for the orange curve. What time period are they from? What were these companies? For example, software has a very different product cycle than product cycle time than, say, biotech. Yeah, it's good question, fair question. So the 4100 companies was drawn out in a study at MIT. Data is readily available. Most of them were tech companies that that is an accurate depiction. There were a few others, but the vast majority of it were tech firms, and in that time frame,

44:10
very early SAS companies, mostly internet companies. So

44:17
I hope that answers the question that that's the that's the data set that existed at the time. Okay, great.

44:24
Do you see this accelerated trend of exit in medical device

44:30
I do as a matter of fact, in our investor size, we have zero limits capital, which is our investment fund. We have a number of different companies that are in the medical device space, and we're working with them right now to develop the valuation acceleration strategies for them. And it's very, very effective, particularly in that space, because the

44:52
acquiring base, the classes of prospective buyers, is relatively small.

45:00
Small, I mean, not in, not so much small in size, but in number there are, there are fewer qualified prospective high quality buyers in that space. And we, we can characterize their interest very, very in a very defect, definite manner. So we're able to position the company very, very effectively in that and maximize the outcome as a result.

45:26
Okay, great. Do you have any examples of companies you have helped in the last two years?

45:32
Sure, dozens.

45:36

You can understand that in many cases, companies don't want

45:42

the information shared. I'm happy to have conversations with anyone privately about specific companies, if I can. There's very limited information I can share about them. But you know, we do a significant number of these engagements every year, and you know, it's, it's a very interesting market. Happy to share what I can, but I'd rather do it privately in an open forum. Yeah, of course, that's understandable. And just reminder to everyone as to use email is on the screen right now, so you have that at the bottom right. I welcome everybody to join in. That's great, perfect.

46:18

How do you measure the value of your business through time as critical KPI.

46:24

Well, time is an interesting factor because you you're watching the dynamic of this, this valuation growth curve, fluctuate, particularly in situations. Now, I mean, when you think about what I showed you, those two large curves of probability, the 2015 curve, and then the 2025 curve. Imagine, if you will. I mean, it wasn't like, you know, it was 2015 and then one day it was 2025 and everything changed. That was a dynamic that moved very slowly, and sort of slid to the left as more and more companies emerged in the competitive space that was driving that transition, which was primarily AI. There are some other things, but primarily AI. So, you know, if you think about every other factor in your business, you are monitoring different elements. This is sort of another you think about it, another element of a data strategy. So one of the except value accelerators was data strategies. And the obvious kind of data strategy is, you know what's what is the data you're gathering about your customers or the market or whatever might be. That's useful for a lot of different reasons, and it drives the value of your business up dramatically. But there's also an element of this that is the data surrounding this, these dynamic shifts in the market. So if you can focus your attention on this, then you can actually derive a more strategic position in the marketplace, and then monitor your ability or your position as you change that. Let me give you a quick example. One of the things we talk to our clients a lot about is their understanding of their market. And, you know, a lot of companies think they understand their market if they know who a couple of competitors are, we take people through a much more rigorous understanding. We want people to understand what is the

48:22

growth dynamic of the market in general, on whole, over time? What's it doing? Is it growing or contracting? What are the seasonal trends that exist in that market, growth or contraction? You know, when, when do things ebb and flow for the market as a whole? Then, what about your company? What are its dynamics of those same factors relative to the market? Are you growing while it's contracting? Are you growing at a rate that's equivalent to the rate of growth of the market? If you're not, you're losing share. If you're accelerating past that, then you're gaining share. What about your competitors? Same factors, right? So we want to see all three of those things align so we can understand how what what things are actually causing the market to shift, your position in the market to shift, and your competitors position in the market to shift. That gives you more levers to manipulate, to drive value to your enterprise. That was a long winded answer, but it was a big question. No problem, that's great. Does this work with service based business, not just product based businesses? Absolutely no question about it. You know, we have had a number of service companies that have realized extremely significant gains in value. In fact, our single largest gaining company, we had 1,000%

49:44
gain in value. Was a service company.

49:50
Okay, great. And then following that question, how does this apply to service businesses? For example, consulting with no special product? Well,

49:58
there has to be a different.

50:00
Initiator in your consulting practice. You may not know what that might be. It might be what I was describing earlier as a Rembrandt in the attic, right? So by going through this deep assessment, we're able to identify, find, locate, if you will, illuminate the opportunities that exist that you may not be aware of. So you can only find them relative to the value interest of the market, though. So if you can do the research on what are the Mark, what's the market interested in that space, in the consulting space, in this case, what are they actually valuing? Who would acquire you and why? Right? That kind of thing, whether you're selling or not, is not the point. It's understanding the buying market that's going to give you the opportunity to drive value out of the opportunity out of the business. So then, once you understand that, you can begin to look at, okay, so what are your strengths? What are your capabilities? What are your focus points? What could you do differently to capitalize on the value interest of the market? That's how you create this alignment, right? The objective is to understand your value strengths, your value gaps, your value opportunities, right, all those factors inside the company, but then to also understand those factors relative to the perspective buying market and all the different buying classes that exist in that market. And then you'll see these are the classes of buyers that are going to value what I have here more than anyone else. And here's one or two factors that are critically important to these buyers. So I'm going to invest here and align myself with that, right? So think about that old saying, like, skate to where the puck's going to be. So understanding what's happening here allows you to transition the value proposition of your business and get in front of the value the highest value acquirer.

51:51
Okay, great. Did your limits capital? Invest in therapeutics development

51:57
companies we

51:59

do. Okay, great.

52:01
What is your level of interest in climate tech project developers who capture document, gain insurance and sell carbon,

52:11
or gain issuance, sorry, and sell carbon avoidance or removal credit? Yeah. So I'm something I've actually learned quite a bit about we have a keen interest in anything related to climate. We have a number of companies we're working with right now that are really focused there,

52:30
you know, in a broad spectrum of applications. So we do, we our interest is very keen, and obviously there's an enormous potential for value acceleration in those markets, particularly around the factors you're describing. Because, you know, when you have a situation where there's an area that's high return but not well understood, it becomes, you know, sort of a hyper accelerating factor, we can leverage that and add a tremendous amount of value to the to the company.

53:04
Okay, great. And then I have time for just a couple more questions. This one is there used to be genomics and now there is autonomics. What have you seen in that field? I'm sorry I didn't get that quite Skylar, can you repeat it? Yeah, it says there used to be genomics and now there's proteomics. What have you seen in that field? You can check in the chat too. Maybe I'm mispronouncing one of them. I'll put it at the bottom so you can see

53:36
it's genomics and proteomics. Okay, there we go. Thank you, Ralph,

53:41
yeah. Sorry, not familiar.

53:45
Okay. Well, there we go. At least that makes me feel better that I'm not the only one not familiar. Yeah, I'll go do the research, though I'm happy to do that. Okay, perfect

53:54
for a company in the Valley of Death looking to invest in the restart curve. Where are the sources of capital normally used to invest in that restart, other than Bootstrap and self invest.

54:12
Let me find that one. Where's that one in the list? It's the very last one up above mine. I'll put it right there again. Okay,

54:21

for a company in the valley that looking to invest in the restart, where are the sources of capital normally used to invest in?

54:29
Well, I

54:33
don't have a general answer, but what we would do in that case is we would go through this assessment process. You could do this yourself. You're looking for, you know, where the value opportunities exist in the market, and where you would need to invest money in order to align your business with the value interest of the highest market opportunity. And that that's what would drive the priority.

55:00
Majority of decisions on where that capital gets invested.

55:04
In our case, in particular, just as a side is that, you know, obviously having the investment bank side of our business, zero limits ventures, you know, as a, you know, close cousin to our capital side on zero limits capital, we have some extra leverage there, where, when we identify valuation growth strategies that can't be capitalized by the business as it stands today, we can bring the zero limits capital

55:33
fund to bear on providing that capital and helping the company break through, break out of that valley of death, if you will.

55:42
Okay, awesome. And we have just these two last questions that I'll ask in the chat. One is, at what stage, for example, Series A, B or C, do you prefer to work with founders, and which industrial sectors do you prefer?

56:00
I have no preference on industrial sectors. The only thing that we're not particularly focused on are professional offices, like doctors, dentists, lawyers, that kind of thing, simply because it's just not really a place where we can have much effect.

56:16
The stage we're interested in, all stages. One of the interesting things we've identified is there's a rather unique opportunity around the series a side. So

56:29
let me be clear, we have we're now blending two things. We have zero limits ventures, which is the investment bank that's about valuation growth and strategic exits. Then we have zero limits capital,

which is our fund. That's a very traditional private equity fund. We capitalize early stage companies, seed

56:49
and a and so on.

56:53
We do have a

56:56
requirement that when we invest money in the company, we want them to execute the evaluation growth assessment, but that would be for everybody's good, because it will generate a higher rate of return for everybody involved. So it makes a certain amount of sense, since we have that tool available to us, right? So from the standpoint of capital, we're interested in all of those opportunities, typically not pre product, simply because there's not enough for us to work with in terms of evaluation, growth strategy yet. So, you know, we want the product to be out in the market or or be I want the company to be in the market, perhaps not with product yet, but you know, that kind of thing. And then at the other end of the spectrum, any exit bound company is an obvious match for the for the zero limits venture side, if it requires capital to fuel the valuation growth strategy, then we can use capital from zero limits capital to do that.