



Sound Financial Bites 070 - David Nilssen Episode Transcription

“When you’re actually the owner, you don’t get to bake all day long.”

Our customers will tell you that more times than not the way they found their business is that an opportunity presented itself.

They were open to that opportunity when it fell into their lap or came across their desk.

Welcome to Sound Financial Bites where we help you with bite sized pieces of financial and life knowledge to help you design and build a good life the knowledge that has been shared from stages at conferences pages of national business magazines and clients living across America our house to Paul Adams now brings directly to you.

Hello and welcome to the Sound Financial Bites. It's so good to have you here today. I'm Paul Adams and I am so glad that you're going to get a chance to listen to David Nilssen.

David Nilssen is co-founder and CEO of Guidant Financial and a few moments I to have him share with you what they do uniquely to help small business owners and something unique that even if you're that high income earning executive right now what we're going to cover in the episode today is really going to peel back the onion of the kinds of things that you can do financially that you otherwise might not know about if you weren't a listener to this podcast. You know back in episode 64, 65, and 66 we took time to talk about everybody who has an interest in you participating in your 401k one of those being your actual employer that would love for you to just continue to work for them at least to age 59 and a half that many years ago they stopped giving us pensions instead did a 401k but they still trap without even knowing they gladly assist us in throwing our money into a program that cuts off much of the ability to be an entrepreneur. And David and his company Guidant have begun to crack the code around that. Now before I introduce David a couple of key points. One as you all have heard me talk about the four different subjects that we cover in these podcasts we're going to cover at least three of those so I'm not going to designate this as a specific type of podcast. This one is going to have business and career thinking this is going to have probably a touch of analytical thinking and it's going to have a bit of financial philosophy all kind of built into this one episode.

Now to give you the background introduction of David and who he is.

He's co-founder and CEO of Guidant and now Guidant, if you Google them Guidant Financial they've helped fourteen thousand entrepreneurs source over \$4 billion of capital. David is heavily involved in the angel investing community here in the Seattle area. He's been in leadership positions with organizations like the Entrepreneurs Organization here in Seattle and globally which is how David and I originally got to know one another. He's the author of the book Making the Jump into Small Business Ownership. He's written for Fortune you're a regular contributor to Huff Post an Entrepreneur and what I think is one of the most fun. And if you look at a background on his computer I think his most fun fact is he's a new dad to Lucy.

And before I finally let David talk let me share with all of you the great gift he has given to our audience. David is giving away his book Making the Jump into Small Business Ownership to anyone in our audience. You can find the link at the show notes or simply go to <http://jump.sfgwa.com>. Put in your email address and his book will be in your e-mail box before



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“If you don’t do it from the beginning, that time and money trap will always be there.”

the day is out.

So you know welcome. I'm so glad you could be with us today David.

Thanks for having me. I'm glad to be here as well.

So let's just start off with this idea that when you work with business owners here at Guidant what how do you serve them.

Yes. Guidant was originally established to help small business owners find the capital that they need to buy or build businesses so that the work that we initially were doing was specifically that making sure that they had a long enough runway to get to profitability because we know small businesses especially where you know the total capital requirement is under a million dollars. The runway is often longer than they expected. So we've spent a lot of time designing our business around making sure that that runway is as long as possible and that we are increasing the success rates of our customers long term. And what we found though as we were building the businesses that not only is the small business community under-served in terms of the way that the capital is provided but it also doesn't have the same access to great providers for services that they need in order to operate their business long term. So we work as a pseudo virtual partner in helping them source create payroll companies and bookkeeping firms and tax providers even places where they can buy their URL for their new web site equipment for their computers so on and so forth so we want to make it easy for people to establish their businesses and partner partner with them so that they have the optimum opportunity for success long term.

Which which seems to do something unique. So as you're helping them source capital we're going to talk about a couple of different ways that you do that but as you help them source capital what you're also doing is being strategic in supporting them and being successful in it because one of the things I think about our let's say somebody was an executive for some large Fortune 500 companies. Take like a Unibar, an Amazon and they say OK I've I've I'm done with this. I've got some money on my balance sheet. My kids are out of the house. Or maybe the kids aren't out of the house but I'm for whatever reason done with being in a corporation and I want to go do something else. I want to start my own business. They may have been in one silo of a very large company. So it's very difficult. I can see and I've seen our clients experience it where they go out and they like OK so what do I do for an email provider and what do I do for a CRM and what do I do for payroll because they've been in one silo with some expertise as Michael Gerber talks about they have an entrepreneurial fit and they're like I can do it better in some way. They go out to do it and then they find that there's all these gaps in knowledge.

So along with making sure that they get capital you make sure they they feel the capital gap and the knowledge gap to be able to do what they want to do.

Yeah for sure I mean you even referenced Michael Gerber right. And he in his book he talks about the fact that a lot of people are starting businesses are actually subject matter experts who want to become a business owner. So in his example was the baker who wanted to own a bakery so she could bake all day long and turns out when you're actually the owner you don't get to bake all day long there's a lot more to it. Yeah. And from our perspective you know there's financing for small businesses highly fragmented marketplace and you've seen in the last three or four years



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“Regardless of the scale, you still need to build that support team.”

this emergence of the online lender. Well those guys generally are not taking any balance sheet risk. They are brokering loans and so once they've given you the capital they wash their hands of the deal and they're off and running. We play sort of a hybrid between say like a Wells Fargo a traditional financial institution or one of those lenders and that we are brokering capital for other people who we're not necessarily taking the balance sheet risk but we make sure that we're aligned with the customer success long term.

It's great. Can you give us some. I mean right before we do this I think it's important we're going to cover a lot in our conversation today.

What's important for all of our listeners to understand is that if you go out and launch a new business and you borrow money or you use some of the unique financing you can do with your own retirement plan what you need to do is make sure you fully understand the risks the costs the tax impacts of doing that.

If we would like for instance in doing this podcast I had to talk to an attorney to make sure that I understood the impact of talking about this. And one of the ways we handle that is doing this but you need to understand your risks in doing something like this. Now I think I've satisfied the attorneys both for Guidant and for Sound Financial Bites. So with that to share a little bit about maybe a few of the companies the people if people go to your website they're going to know the names of some of these companies. Would you share kind of what they did how they got started. How long ago.

Like a few of those people get a sense of like we're in a beautiful building right now in downtown Bellevue and Bellevue, Washington for our listeners across the country. You've got just an amazing amount of people out here that are working to help business owners the way you serve them. But give us an example of a few of them that have done what you're talking about.

Sure. Well one of them would be Dry Fly Distillery. This is an organization two guys Don and Ken who started the business. They were. They were both in food services and they were fly fishing buddies and you know in one of their fly fishing expeditions sitting around the campfire they were joking about starting a distillery and they decided to do that. Now these guys used a couple types of financing strategies in order to launch their business.

All right before we get to the analytical part I just got to say like how often are like people listening right now if they're listening this on a Monday morning driving into their office or they're out on their morning run this week.

They probably had one of those conversations this weekend having beers with a friend on a camping trip. What we they do like it usually starts with what we ought to do is...

It always starts that way. So what's really interesting is if you look at the data our customers will tell you that more times than not the way they found their business is that an opportunity presented itself. They were open to that opportunity when it fell into their lap or came across their desk or came up in a conversation randomly like I'm talking about with Don and Kent. But the reality is we think about small business ownership in entrepreneurship is this really highly scientific well-prepared process and I can tell you like even with Guidant Financial We were in the



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“One of the greatest skillsets that an entrepreneur can have...is self-awareness. Know what you don’t know.”

real estate development business. And this idea came up because we were learning through that process how difficult it was to find capital even in a real estate operating company and that sort of accidental discovery led us to where we are today we launched this business with \$10,000 on a laptop and have grown it to where it is now. How many years? It's been about 14 years. Yeah yeah yeah. 14 years later. But it is it is not a scientific process so these two guys sitting around a campfire decide hey we're going to launch a distillery. And they did that and what's really exciting about these guys their story is phenomenal. They at the time that I met with them about four years ago actually went out to their location to see their business. They had one employee that was their actual gentleman who was creating the alcohol, I think they called the distiller.

And what they had done is create this unique experience where they were inviting people in to come in on the weekend and learn about distilling vodka, gin, and whiskey. And then for that they got a t-shirt and were able to work in their facility bottling their product. But what's interesting they had a six month waiting list for free labor to help them put this thing together was amazing.

That is incredible. And what I what I love is one employee is all they have. What's what does that business look like now.

Well I can't tell you the details of the business what I can tell you is that are a very successful organization.

I've heard of them.

Yeah they're the first actually distiller to launch in Washington State since prohibition.

And so they've actually been solely.

I mean but they they were the beginning of all these different distillers that now have this kind of cache place not far from here in a place called Woodinville where people will go through and do tastings and they were the first ones.

Yeah they were they sort of were the grandfather behind this micro distillery climate that is in Washington State now. So that's one example. And what is it. So you started to talk about how they did it like a little bit of the financing side because people I'm sure right now are they've got their version of Dry Fly in their head they're driving along. What did they do to it to get it going because that's not a that's not an un-capital intensive business.

Yeah well so part of the way that they did is they use their retirement assets to invest in the business as opposed to taking a taxable distribution with penalties or paying penalties and taxes. Right. They instead use their capital as for lack of a better term an angel investment in their own business and they actually physically invested in the stock of the business providing capital to it and then they also used some bank financing to help launch it. So we've seen in small business many transactions actually use more than one type of financing or funding strategy and they're an example of that.

And when you do that. Catch me if I'm wrong here but you actually end up with the bank in a better mood because are taking your money to invest in equity in the business plus their



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financing so to the bank they feel a little bit better in making sure that you've got some of your money in it versus going into the bank with your pockets turned inside out saying hey I don't have anything.

I'd like you to give me all your money to take risk on this great idea that we came up around the campfire.

Yeah. Every I mean every bank is going to require some skin in the game. The question really is where do you want that skin to come from. Most people in fact it's not uncommon for people to call us and say Man I wish I knew I could use my retirement funds as investment capital because I took a taxable distribution pay the early penalties and then use that as a down payment. Well at that point they're looking at about half of what they had originally. Right. So in in that case people have a decision to either take a distribution from their plan that's going to obviously give it a nice haircut. The second is they could use their rainy day savings and that would be you know along the lines of things that you talk about in your podcast around sufficiency versus surplus. Right. And then the other is that they could actually use that as investment capital. And one of the ways that we do that is by helping them use their IRA or 401k and onvert that into capital that they can actually invest in their business.

And in doing that because one of the things I've talked to people about all the time and I think we're pretty unique. There's other people that do it but I like I can't easily find them in the marketplace, they talk about the amount of liability chasing you through time like a shadow that you can't outrun on your retirement plan assets and that is that the IRS you owe money to.

With the money that you've got in the plan and that doesn't become real like primarily because every time you get a 401K statement somebody has \$300,000 in their 401k every time they get their statement says \$300,000. It seems like what you'd have is three hundred thousand. And I personally feel like what there ought to be is a federal law that allows the disclosure that you have to understand that 40 or 45 percent that it actually belongs to the IRS. Today if you were to take it out with taxes and penalties and so your three hundred looks a lot more like 175 or I'm sorry to 225. If you were to just try and distribute it. Three hundred. Looks like I got it right the first time. 175. That's the problem with doing math in my head while recording podcast. So anyway it's a lot less probably to the tune of 40 to 45 percent depending on the state you live in because your state's going to take a bite plus penalties plus taxes and what you do that's so unique is you actually gave Dry Fly Distillery and the partners there the ability to actually use the IRS as money to their advantage in you know in a certain way because they just like their co-invest are in the portfolio that we choose like a little partner in our 401K.

They become a little partner in that equity share of the business not in a way that's inappropriate but we didn't have to cash out the IRS before we invested in our own business like one of the few ways that becomes a little bit advantageous of having had that retirement plan.

Let me state it a little bit differently right. So the you know one of the biggest challenges that we have is what I call market awareness. People know that they can invest their retirement assets in stocks and bonds and mutual funds but they don't actually realize that they can use that capital while inside a retirement plan still in a tax deferred environment to invest in even real estate or small businesses or buy a franchise even loan money as long as it's not to people that provide a



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conflict of interest. OK. Those are all things that are possible. So technically not the IRS is money but you're right there is this long term expense for lack of a better term you know that when you start pulling that money out whether you're of age or not there is going to be at least taxes if not penalties on top of that.

You you just have to pay the IRS every time we take a distribution for sure.

And depending on the time of her there may be penalties associated with that. That is absolutely true. But Congress actually explicitly passed laws to incent people to invest in businesses. And so this is something that is has been legal for a long period of time but most people just are not aware that they can do it. So we're spending time educating a certain audience on this capability. The good news is though they're investing in businesses and those businesses are paying taxes creating jobs for people who are paying taxes so a lot of people think about this. Well you're avoiding paying taxes. Well the answer is absolutely not.

Not all because it's an investment right.

So one day when you sell that business proceeds from that sale are going to come back into that plan and then eventually when you distribute it you will pay taxes. So we're still respecting the tax deferred nature and the long term liability that you will have in terms of taxes. In the meantime though you're actually contributing to economic growth and creating jobs and activity that will provide tax revenue even in the near term.

Well it's a win for everybody. So for those of you that don't like the super analytical stuff I want to go a little nerdy for a moment. If that's you you don't need to tune out. This will be over soon. We'll treat it like pulling a Band-Aid off. So what we can do is they own. Now the plan that person is for well OK let's stick with the \$300,000 example that in their work with your team they're able to invest, which there's work that has to be done. You can go to Guidant's website you can request a conversation to see if it's appropriate for you as they do that. So one day they invest in this stock and some time later, say they sell the business, then that money whatever it sells for that's that percentage ownership in the retirement plan. That money gets pushed back to the retirement planning cash and they just go invest it somewhere else like in an investment portfolio or whatever it is that like close.

Yeah. What ends up happening is effectively the retirement plan becomes an investor in the stock. So let me just go up there and let's talk about you have a 401K today. You've invested in private or public stock like say Apple. Popular holding for people today. Right. So I buy Apple shares and let's say I buy them at 100 dollars a share and then that goes up to \$140 when I sell the net proceeds of that sale going back into my retirement plan I'm not paying taxes on that right now inside a business it's a little bit more complicated for private businesses because sometimes on liquidation there are some taxes that are due but the net proceeds of that sale are going to go back to the retirement plan. And that is going to be respected in that tax deferred environment for you to then invest again in stocks bonds and mutual funds or like some of our clients, or another business.

And the key and what I want everybody listening to understand is this is not for an amateur. What you don't want to do is go find somebody who says Say there a third party administrator



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and this is all we can do that ask how many have you done if you were going to investigate this because it's not easy. There's rules to follow and you want somebody that knows how to do it. Now you guys are like national leaders in this by a long shot. Yeah. And so I wonder if you're thinking about this going back to my statement earlier you need to be careful. You need to understand it and you've got to work with an expert. Let's let's hear another story I want hear a story of another maybe not campfire but somebody who went down this path that people would know the name of or could Google in the back oh my gosh I can't believe that was started by a couple of people around a campfire and a 401k or two.

Sure. Well so a great example just the other day I was reading an article in Fortune on one of our customers Kim Mellick from Salt & Straw. And this is a ice cream chain that was started in Portland, Oregon and now has gone national in fact a large restaurant group made an investment and they're now expanding into New York.

So wow.

Fantastic business. This woman is one hell of an entrepreneur. She was a Starbucks employee was in like many of our customers someone had spent a lot of time in corporate America who had idea who had experience and an idea that they wanted to put to work and just needed the right financing the right opportunity and she decided to make the leap years ago and has built a phenomenal enterprise that is making a meaningful difference in the communities that they're part of.

And every one of at least right now we heard a couple of stories with a few different people all employees at one point all people that prior to having their idea were diligently building their own balance sheet while working for somebody else like if you're working for somebody else you had better be building your personal balance sheet while you're helping whoever the owner is if it's Amazon or if it's Apple or if it's Patkar or Boeing you're helping them build their balance sheet every day you go in or they wouldn't be paying you.

You better be building your personal balance sheet while you're along with it. But that's what gives you the freedom autonomy or opportunity to go take that good idea and do something with it.

Absolutely. I mean that's you know it's not uncommon I'm sure anyone who's listening to this podcast has had that that it's like am I an entrepreneur should I consider starting or buying my own business. Right. And there are moments in our life that thrust us towards that opportunity and then there's others like we discussed a minute ago where they're a little bit more random. Yeah. And I think that openness is certainly important. It's funny though we finance lots of different businesses we've talked about too that are independent brands that were built by individuals but you know one part of small business that a lot of people don't hear about because it's not you know quote unquote sexy. Franchising. And what's amazing is there's 4000 types of franchise brands across the country nearly every type of business you can think of has a franchise system that's already been developed for people who maybe don't want to start it from scratch but instead would like the support of a system it's the mantra that we use is not in business by yourself but in business for yourself. And so we spent a lot of time working with companies like U.P.S. stores, Anytime Fitness, Menchie's. Another great one would be Express Employment



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Professionals or Wild Birds Unlimited. There's lots of different sort of niche and vertical businesses that are franchise establishments that can be good opportunities as well.

They've got a passion for They've been in corporate where they're working with or for somebody else and they're like I want to break out and being if somebody has a couple of 300,000 or 401k that may be more in reach than what they think especially considering if you've built your balance sheet elsewhere also that you've got reach you've got capacity you may not have known. Can people use. Is there any. I would imagine it's just the same whether it's a franchise or it will be buying an existing business like the I mean it's still a franchise thing but I always think of if you bought the Baskin-Robbins from the older couple that's finally ready to drive their RV full time. It's got a balance sheet it's got value as cash flow it's a known enterprise it's the one on the corner downtown. Everybody loves it. Is that like same as buying any of the others?

For sure in fact it's about half of our business. So what's fascinating is there's there's really two types of buyers one who wants to launch this is whether it's a startup or a franchise but a new business right. Somebody who wants to launch it on their own wants to build their own team wants to find their own real estate to create their own list of vendors who really wants control over that process and to launch it.

And then there's those who say you know what I actually don't want that. I want that predictable cash flow. I want the assets in the inventory in the team already built in. And I want to buy it you know based not on opportunity but more on financials that's like I said about half of our business does that. But in terms of the actual structure that you might use whether it's an SBA loan portfolio loan unsecured credit or this 401k strategy the rollovers for business startups arrangements it's all the same.

OK I want to go to what I think is the the elephant in the room which is if you're a corporate employee you've been an executive successful somewhere or even taken three four or five hundred thousand dollars a year the idea of going out on your own and what screams in your head are the failure rates of businesses. And these are things that are. You were citing a study just a little bit earlier when you and I were talking part of the podcast. Talk a little bit about that and what what you and what you do specifically as an organization or try to support people to get over that hump and increase success as you talked about supporting them. But I think that statistic you share with me kind of yeah.

Well Dun and Bradstreet will tell you that less than 50 percent of businesses that are started don't exist five years later. So that is a really high rate of failure. And we've seen just the opposite where we've seen we're nearly performing at double that rate meaning that about 80 percent of our clients are still operating and that number doesn't include that they've sold the business because that's not uncommon for people to get and realize this isn't for me or build it for two or three years and say I want to get out now. Right. Yes. That statistic although you know 80 percent is significantly higher it's likely higher than that. But I think you know it's funny you hear small business is a risky investment.

And I think that has to do with your mindset and I don't want to get woo-woo on the podcast but the reality is there are those that believe that we should have a little bit more control autonomy and even authority in where we go long term and then there are those that believe they need to



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protect them, protect you from yourself I should say. So there seems to be two schools of thought around entrepreneurship and even at a more granular level whether you should use your retirement assets to invest in something that you own and control yourself.

And I think what what most shows up for me in that. So if you're out there and you are a business owner right now and you've been launching a small business you're starting to make decent money or if your in a corporation you've thought about starting a small business you've got to go get help. And I don't mean help like Guidant although Guideant might be one but get a coach get somebody that's helping you. People bring us on as a part of that team to help them look at their overall financial picture to make sure that they're ready to make that jump when they want to.

But you got to build a team if you don't build that team then I think that success ratio is the key is that one the first Dun & Bradstreet number you gave is the one where people are out there on their own rolling the dice trying to figure it out and while Guidant happens. And by the way in that number are also all the people that got help. All of you got support that sought out mentors and coaches and consultants to help them do better.

And then you have like they're in there too because the numbers are would be far worse if we could somehow extract everybody out of the DUn & Bradstreet number that had so much hubris and ego that they never surrendered to help.

Yeah you know it's interesting in my book which you talked about Making the Jump into Small Business Ownership. I talk about building a team and doing it from the get go because the trap that everyone runs into is if I have the time and money then I will go and do this. And the problem is that if you don't do it from the beginning that time and money trap will always be there. I mean I've been doing this for 14 years. I have a coach. We have attorneys inside the company. We also have attorneys outside the company that we use as experts to help us continue to build the business. And so regardless of the scale you still need to build that support team. And you know if you're thinking about buying a business or starting a business or maybe utilizing a franchise business model you know there are franchise brokers and coaches there are CPA and attorneys. There's a business broker if you want to look at you know buying an existing business or lots of professionals out there to help you get into business. And then there are financing companies like ours who you know help people put the capital together and then there's just a million services that you could potentially use the questions that I would have are which are the most important and add the greatest value so that I can focus on building my business and not worry about really the operational aspects that take so much time and keep us from growing our businesses long term.

You know I was going to say I want to get a few of those key things before we do that. I want to go back to one of our past podcasts when Charlotte Whitmore was on and she hired an actual CEO to run her company so that her and her being could do the things they most like to do inside their business. And when she did that she said what gave her the idea that she needs to do something different was when she was Googling how to solve certain business problems with this incredibly successful data analytics company that they own. And she in the middle of her Googling said I don't think I should be Googling this decision. And that's what led her to say oh my gosh so if you want to find that one I don't have the podcast episode off the top of my head but we'll get it in the show notes for you.



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You don't want to go "what attorney should I use" like the day after you signed the lease on the business. But it happens all the time. Oh I need to get I... I've heard this one repeatedly. I need to get a CPA because I've never owned a business before, but we do it all the time because lots of times the personality that's willing to take the risk is the same personality that is willing to for lack of a better word be willing to stitch their parachute on their way down to catch them.

And it but it creates it's problematic when you don't when you're taking a risk you don't have to because anybody listening now if you're thinking about starting a small business the types of professionals that David is going to talk about here in a moment. Who are these people are which I'm interested to hear. You start taking these people lunch right now in your current role whatever you do and just they they love being able to talk to somebody. You know I even think of like you know for myself I'm thinking about going into business could I just buy a cup of coffee and we could talk about it after church. I would do that in a minute.

And most entrepreneurs would and most of the professionals in these domains if you say I have no idea of business ownership write for me I'd like to talk to you and better understand what you do and the way you serve business owners and people trying to find businesses to see whether or not I should do that. Who are those key people that folks should be looking for.

Yeah great. Couple of things I want to say I want to go back to the comments you made about replacing yourself as a CEO and I'm not going to debate the philosophy there. I think instead I would just say you know one of our values internally is excellence and we define that is getting better every day. And that's because we know that we'll never always have the answers but we need to continue to move towards. We think of it in terms of continuous improvement. One thing I will say though is that I think one of the greatest skill sets than an entrepreneur can have a business owner should have his self-awareness. Know what you don't know. Right. So that's getting to the point that you're talking about and that is surround yourself with people who can help you problem solve troubles trouble shoot or think through some of the challenges that come your way every single day that you're not yet equipped to handle. OK.

So the people in terms of early stages of starting or buying a business I think you are dead-on and that they want to have coffee they want you to reach out to them because the industry is so fragmented it's it's impossible for a CPA or a franchise or a business broker or any of these small business professionals to do a lot of targeted marketing because it's too expensive to find you as a potential entrepreneur. So you are reaching out to them and saying hey I'm thinking about this. Would you be willing to develop a relationship with me over a period of time. Man I'll tell you what. They would jump at the opportunity and if and if you're thinking about that. Feel free to give us a call.

We provide introductions to people all over the country every single day because we know that we can't help you until you've gotten down that path anyway so if we can help put you in touch with credible experts people that really know and understand these industries and opportunities we're more than happy to do that. But the people that come to mind for me certainly a CPA I think when you're looking to transact would be helpful to have someone who really understands business and business modeling from a financial perspective. Then there is the attorney someone who can help you in terms of mitigating risk going in. And then finally depending on the type of



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transaction a business broker or a franchise coach an independent consultant who can help you look at these small business opportunities whether they're franchise or non franchise establishments and help you understand the opportunity there.

Now to something that I think people get themselves in what am I call a cognitive thermostat where like where what they think is possible for them or not. I think the easiest one people relate to is like their own personal weight. I've been I remember years I weighed over 200 pounds and I just thought that's how it was that I was just built that way. Growing up in a house they would say your big boned, that's just how you are. I think people the same, which I don't weigh that much now, just for the record. But I did for a long long time for people that are listening. They may be 35, 45, 55 and some time ago. They said I'm not an entrepreneur. That is not me. Tell us about the ages of the people that you guys engage and help make that jump into small business.

And it's all over the board. I mean from my perspective an entrepreneur someone who wants to challenge the status quo do something different have more control over the outcomes in my life. So we've served people who are in their 20s all the way up to their 70s. So it really to me doesn't base on race or age or education or income those don't necessarily make you an entrepreneur or not. You know one thing I will say though is based on how you are wired because we're all wired a little bit differently might lead you down the path of saying hey I want to start my own entrepreneurial enterprise like I want it to be mind my brand my process my system. Another might say well I want the process I want to go through the process of launching a business but I don't want all the risks or headaches of creating that business from scratch. So maybe a franchise, a new franchise would be for me. And then there's this whole other category. People say you know what I don't want either of those headaches.

I just want to buy something that's already up and running it's proven it's established and I just want to optimize that.

Doing it better than it was being done before.

Because maybe somebody is on it for the last eight years they've been semi-retired anyway. But man if I went in there and just went to work for five years I'd have an incredible amount of freedom for the next 20.

Yeah. You see this all the time you see these guys and gals that have been running these businesses they're doing very well. They they provide a nice cash flow, nice lifestyle but someone coming in who's going to hustle like they're broke could really build something tremendous. And so I think that's one of the reasons why I think talking to a coach upfront, a broker, a franchise coach makes sense because a lot of times what they'll do is actually have spent some time assessing your personality your needs your experience and then trying to help match that to a business format that could be right for you.

So the way somebody can get a hold of you and your organization is Guidant Financial which just as a by the way they also have a lighthouse as their logo and there is no relation.

We have joked over drinks in the past about one of us is going to have to eventually break and no longer have a lighthouse there are slightly different lighthouses But if you look at Sound Financial



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Group and you look at Guidant they're both lighthouses that's just virtue of being in the Pacific Northwest.

So to get a hold of David and his team you can go to <http://www.guidantfinancial.com>. And once again a reminder that we have this special landing page just for our audience for you to be able to get David's book enormously generous gift from David and his organization to give away the e-version of his book. All you have to do is go to <http://jump.sfgwa.com>. Put in your email address and we will drop his book right in your e-mail box.

One small story that I want to share because I think that this is key for those of you that are out there listening who may have been working with what I'll just say generally as the typical financial adviser which you might build often times boil down to them being an investment manager. And in a conversation two days ago with the client as several million dollars exploring to buy a business right now he's positioned most of his money actually outside of retirement plans and so he has the ability to do it. He also has enough money in building his personal balance sheet that he doesn't have to. And we began to talk about how he needs to position himself and he went through our design process. He and his wife earlier this year and he said we're looking at our money and everything is so much different we're on the same page in a way we haven't been before. And you know it came down to is he had only been working with. And by the way like a big national company with all kinds of prestige company, but their investment managers and they've been managing his investments quite well but he hasn't worked with somebody helping him manage his overall balance sheet. And so when we started to talk about what it took for him to buy a business nobody even though he's told these investment managers that's his intent. All they did is continue to review returns every year instead of saying one we should take some cash off the table and convert aside.

So if the market goes down it's going make it easier to buy a business but you're not going to lock in losses which is something we talked about.

He hadn't been looking at the most appropriate tax structures to put it in. And certainly nobody told him anything about an organization like Guidant that might have allowed him to move differently inside his retirement plans for the last 20 years in corporate to be able to have that be part of the funding mechanism for him to make the jump in a small business ownership. So for all of you out there these podcasts, our philosophy, my book all of it's out there to do two things. One for the right people you're going to be attracted you may want to reach out to us.

You can e-mail us at info@sfgwa.com. And what we try to do is support you in having outcomes that you want. It's not about just investment management it's about what does it take to do with your balance sheet to get where you want to go. Guidant is a company whose aim is to make sure that, when appropriate, to the best of their ability they're able to help you fund that future that you want that additional autonomy that you might want in freedom that you might want of being a business owner. One last thing occurred to me for our business owners are listening. I'd love to comment on some areas of business they've had, the Baskin-Robbins and they're saying themselves I want to buy another one. I want to expand or they've been a business that's been small and they've been putting money in a retirement plan is or is their help there or is it like done once you've started a business you can't do it.



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The answer is yes you definitely can invest your retirement assets into an existing business. The process is slightly different. There's a few extra steps in that. But the answer is yes.

But one of the one main ways that we see our customers who are looking to expand into their next location because this is very common in franchising where I would own you know one Subway franchise and now I can open my second and my third or more. And I didn't know about an option like this and I did the first one so I've had money locked up in a retirement plan right. Well and so you can use retirement assets but what we're seeing more often than not are people actually starting to use bank debt in those cases because they have a proven business model that can source the debt and they can use that to lever out much further than just one or two locations. So you know as the businesses launch startups is where there is a significant challenge and small business financing and so this fills a necessary void void to keep that sort of economic engine going. Once the business is up and running and they've had a proven history not only as a business but as an entrepreneur then they become much more bankable over time.

And and you guys I don't want you to get lost when you're hearing this guy and does both. And you'll see this when you go to <http://www.guidantfinancial.com> is that they handle both ends of that both the ability to use some of your own capital to invest your business and the banking and financing side so that those two marry together. And what I was is almost like a macroeconomic way instead of trying to find somebody to do a one off on the lending side and a one off on the other side. So David thank you so much for being here today. I am thankful both for your friendship and watching you in business over time.

Watching you in leadership with the entrepreneurs organization here in Seattle and the gift that you gave to our listeners and being able to give away your book is just just phenomenal.

In parting words what's the last thing you tell somebody they're thinking, lot of pressure here, what they're thinking I might want to get a corporate What is the one thing that they need to question the ask themselves or something they need to tell themselves. Before they consider that as a real viable option before they make the jump into small business ownership.

Well because I'm an entrepreneur I'm going to change this slightly.

I'm going to answer it in two different. That would only be normal.

Yeah. So the first thing I would say is and this might sound a little bit self serving but the reality is the book that I wrote I wrote because there's a lot of books out there to teach and be a good manager who will help you in terms of building culture. Lots of great books on on technical ways to build your business. Once you've launched but there really aren't any books that help you think through the process of building or buying or starting a business and really focus on that question. Am I an entrepreneur or do I want to put myself through that so I would recommend or giving it away for free. You read the book. It's great. The second is if the answer is yes or if you think that is a high likelihood that you would want to move down that path now or sometime in the future on our Web site is a pre-qualification tool. It's very simple. It's based on user generated content so you would put in your own information takes about two minutes and it will actually return a result that tells you how much you could finance up to because in small business finance unlike mortgage where it's a very standard sort of real estate it's a very standard process to talk to your



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mortgage professional before you start shopping for real estate that doesn't exist in small business so if you are curious about whether you're bankable or fundable or not that might be a great way to start to add some confidence in the process early on.

Great.

And I knew it would be just like you to end up bringing more value than we originally intended from the podcast so thank you again once again in the show notes we're going to have a link to that tool that David just talked about. We're going to have a link for you to be able to go in and get a free copy of David's book Making the jump in a small business ownership. And should any of you feel like, man, something about this is resonating with us then me or one of my buyers be happy to chat with you. Anybody who's a listener to our podcast we gladly give a 10 minute conversation to. And we'd love to support you. We're glad to have you on the podcast today and we look forward to having you back on our podcast listening engaging every week so be sure to subscribe. Give us a review.

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Enjoy the rest of your week and remember all of this is going to be able to design.

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