Twitter Thread by Josh Schultz



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Why talking to your people is the most important thing you can do!

For a new acquisition, there's a general template I follow for the 1st 100 days.

The Number One point on that list is PEOPLE

I have failed this once, and succeeded once, let me share why this is most important.

1. You are in spreadsheet mode

When working on a new acquisition you are in the numbers and in the models.

Net working capital true-up
First 6 mo cash flow
Valuation multiple
Realizable EBITDA
etc

Many new acquirers don't come out of this, and lose customers, employees, and $$

2. Verifying the Model

Post acquisition, you are verifying the model in realtime, adjusting, making sure you are good with the bank, investors, yourself.

You are checking actual expenses to see if they match.

Perhaps you are implementing a few easy cost cuts.

People!

3. Your people hold the answers.

Often the people that have been there, can will be happy to give you the scoop on

1. customers
2. service improvement ideas
3. Plant issues
4. under / over staffing
5. needs & investments

They have been there, and usually not been able to share

4. Small Window

There is a small window of time where they are:

1. looking to see if they will now have input
2. willing to speak up more boldly than normal
3. Evaluating how they feel about you
4. Earning (or losing) respect for you as an owner

You cannot miss this window!

5. Find improvements

By taking time with each employee (yes, this is time consuming, and the bet time investment you'll make in the first 6 months), you will

1. earn trust
2. earn respect
3. get ideas
4. be able to make quicker and easier change than any time in the future

6. Be One Of Them

This is also the time to show you are one of them.

@StrongpointRich has a great story here on jumping in during his first week of ownership, and as a result, getting complete buy-in from his top guy as a result.

https://t.co/23lyubRH3d

I'll share mine...

> SMB lesson:
>
> Day after acq. announcement, heard rumblings that our senior plumber felt job-insecure and betrayed by the

> transaction.
>
> Big problem when my largest vulnerability is the skilled trade talent.
>
> — Rich Jordan | Strongpoint (@StrongpointRich) September 7, 2020

In an acquisition I was part of, I was told there was a small division of 3 guys in southern Texas, and the guy was "a real cowboy", difficult to deal with, always complaining.

I hopped on a plane and flew out to meet him!

I showed up in dress pants, white button-down, and brown dress shoes.

Jim was in jeans and boots, and didn't like me from the second I got there.

Immediately started berating me for being from NY, made a number of assumptions on my politics, my religious beliefs, and the like.

Non of this bothered me, I had a family member like this, I knew the type well.

hard on the outside, soft on the inside.

If you make it through, you are in for life.

Now I had spent the last 8 years growing warehouses in Mex and NY, I spent long hours shipping

I was not a stranger to hard work in grueling temps, but to Jim, I was a white-shirted stiff who just acquired his company.

As we spoke, the pallet of screws dropped off the forklift, boxes got crushed, parts went everywhere!

Without thinking I jumped over and started cleaning up the mess, picking up boxes, resetting the pallet, and bringing the warehouse back to order.

I think I caught them off guard...

Jim has been my ally since that day.

Here are the things Jim has helped with:

1. Told me about 5 customer opportunities that he was holding because he wasn't being paid attention to
2. Warned me of 3 unhappy customers I was able to save
3. Gave me insight into some of the shipping issues they have

Whenever there is a problem, all I have to do is call Jim and I get the on-the-ground, no BS scoop and can fix it asap because of it.

He's still a cowboy, but now we have respect for each other.

Better decisions are made more often, and I get alerted asap when there are problem

7. Allocate Resource

As you talk to the team and interact with them, you will find that people, skills, and resources are not allocated correctly.

Many small businesses just leave people where they are, and as the company grows, who does what and why doesn't make sense.

Getting to know people, allows you to see what they are, and are not good at, where they might be happier and better serve the business goals.

Talking to your people, and jumping in is crucial!

8. You must have time!

I have heard new owners say "I don't have time", or
"I can't possibly talk to everyone"

You cant possibly not. You've got one shot at this, a small window, learn everything you can!

I call this the Gemba+.

Walking the floor isn't enough, get involved.

As @BrentBeshore says, load the trucks.
https://t.co/e6pgzPkruv

You need to learn, understand, give back, and be part of the operations - not just measuring them on a spreadsheet.

> We've been experimenting with ways to communicate with operators and this is our first shot at a mini-essay. The goal is to convey an important concept in the most compact way possible.
>
> Thoughts? pic.twitter.com/fVSAT6ZGFt
>
> — Brent Beshore (@BrentBeshore) December 28, 2020