
# A Seven-Step Process to Nailing Your Next BIG Acquisition

Steve Sanduski: Hi everybody, thanks for joining us today. I'm your host, Steve Sanduski. At CEO Coaching International, we are really focused on helping companies grow, and one of the fastest ways to grow is through a well-planned acquisition strategy. I say well-planned on purpose because if you just jump into an acquisition without a lot of forethought, it could literally blow your company up.

On today's show, we're gonna talk to Jim Weaver about how to buy companies as a growth strategy. In addition to being a coach here at CEO Coaching International, Jim is a five-time CEO who brings more than 25 years of successful leadership experience in helping companies grow, both public and private companies. He's also built and grown companies in multiple industries, including software development and systems integration, SaaS companies, payment processing companies, and telecom companies. He's also a longtime YPO member.

In our conversation today, Jim and I go through a well-planned seven-step acquisition process that's gonna help ensure that you do it right and that it leads to strong growth and high profitability. With that, please enjoy my conversation with Jim Weaver.

Jim, welcome to the show.

Jim Weaver: Hey, Steve. Great to be here with you. Thank you.

Steve Sanduski: Well, we're happy to have you back here for another visit to On Your Mark, Get Set, Grow! Today we want to focus on how to use acquisitions as a growth strategy. Let's just start with is ... Let's just start with as you decide, "Hey, I think I want to use acquisitions as a growth strategy." Does that basically ... Are you saying, "Hey, I've exhausted all of my organic growth strategies, so I need something new"? Is that often what prompts people to think about an acquisition strategy?

Jim Weaver: I would say no. I think that the reasons to do acquisitions relative to growth can go in parallel with their organic growth strategy. I think there are a number of different reasons why you might think about an acquisition. It could be what is sometimes referred to as a tuck-in acquisition, which is okay, you've got this product or solution and you want to augment it in some way, so you're gonna go off in the market to find a potential acquisition that might give you that tuck in if you will, that additional piece of functionality as opposed to building it. A little bit becomes the buyer build discussion, right? Do you hunker down and build that additional piece of functionality? Or do you go out and buy that as a tuck-in acquisition?

You could also do an acquisition if you're looking for resources. That may be another reason why a company might say, "Hey, we're growing dramatically. We need to find ... We're having trouble maybe staffing some of the success that we've had, so let's go out and find a company where we can acquire resources or maybe the resources are to augment our current capabilities." I would say, Steve, probably more often than not, I see acquisition or acquisition strategy for growth really running parallel with the strategy for organic growth.

Steve Sanduski: Does a company need to be a certain size where once you get to a certain level of let's say revenue or profitability where it starts to make sense to do an acquisition? Are there any rules of thumb in that area?

Jim Weaver: I'm pretty flexible there when I think about acquisitions, quite frankly. Everything from the company that's doing the acquiring could be smaller than the company that they're acquiring. It could be that a company is acquiring a public company. Maybe it's one public company acquiring another public company. I don't think size necessarily is a big determining factor. I think more so understanding, why are you in the market? What's the benefit or what is the interest in looking at a potential acquisition?

Steve Sanduski: Once you're having this conversation about, "Okay, we want to develop an acquisition strategy", so this would obviously happen at the C-suite level. Is this a situation where the top execs sit down maybe as part of an annual planning process and they come up with this acquisition strategy? How much detail do you like to see the executive team go into as they develop the strategy? Are there any caveats that they should be addressing before they make the final decision that, yes, we're gonna look for some targets here?

Jim Weaver: Yeah, I think that's a good question. I think probably first and foremost is understanding why we're even in the market for an acquisition. Are we just looking to bolt on some companies for the purpose of trying to grow revenue? Or is the acquisition more of a strategy nature? I think it's really important that the leadership team have a well-thought-out plan, strategy, and understanding for why they're even in the market to do an acquisition. The other thing that I think is very important is once you make the decision to do an acquisition or to be the in the market to start to look for a potential company or companies to acquire, it's really super important that you have a team that is either dedicated to doing the research on that acquisition or maybe you hire an outside firm to help you with that.

An investment banker is a possibility, because what I see happen oftentimes, Steve, is that when you're focusing all of your time and attention on the potential of an acquisition and you may look at hundreds of companies to get to one acquisition or two acquisitions that you can actually close, you can take your eye off of the ball with running the day-to-day operations of the company. I've seen that happen a number of times, so I often caution clients to think about, "Okay, we have this acquisition strategy that we're gonna launch into. Let's make certain that we remember we also have a business that we need to continue to operate. We need to figure out, what does that means from an overall resource allocation standpoint? Who's gonna focus on the acquisition? Am I certain that I still have the operating focus on the company?

Steve Sanduski: Okay, so what I'm hearing here is maybe a first step is, let's talk about the strategy and let's understand why we want to do this and the reasons behind all of that. A second here is once you've made the decision to do it, we've gotta put a team together, and I love your point about that we've almost gotta be a little bit like bi-focal. We've got to understand that, "Hey, yes, we want to have this acquisition strategy. Let's see if we can dedicate some personnel to focusing on that, but we also cannot lose sight on our current business, which is generating the cash probably that's gonna allow us to make this acquisition." Yeah, great point there. Big caveat for folks to watch out for is don't take your eye off.

Jim Weaver: Absolutely.

Steve Sanduski: Off the current business. Okay, so who are some other folks that we might want to have on this team? Even if they're maybe part time. Maybe we hire an outside investment banking firm. Certainly one or more people in the executive suite are gonna be paying close attention to this strategy. Are there any other folks that we want to make sure that we put on our team? Even if they're outside resources, not necessarily internal staff people?

Jim Weaver: I think it's ... Really, a lot of that depends on how involved we're gonna be in the acquisition market, right? If it's something is meaningful in terms of representing a significant amount of our growth, then I may hire one or two people that do nothing but work on the acquisition process. Everything from identifying, reviewing, working on all the preparation of data, analyzing all of that data. It would be ... It would not be uncommon to bring a person or two in that would help us with that.

Again, depending on how pervasive we're gonna be with the acquisition strategy, you might bring in a senior person to really manage that whole process and maybe one or two other analysts that might would work with that person as we're in the market. If it's not that a large of a focus, then certainly using an investment banker and leveraging their resources is another way to go about that.

If it's really just you're looking at maybe a small acquisition, yeah, I think you could probably do it with your internal team if you've already identified a company that's a potential for acquisition. Certainly having your CFO involved ... The CEO has to be involved, and so both ... Typically, if it's a really small acquisition I would say you could probably get it done internally.

Steve Sanduski: Okay. Jim, as we talk about the kind of team that you put together reminds me back in the late 1990s, early 2000s of Cisco. I always remember Cisco. It seemed like every other day there was an announcement in The Wall Street Journal that Cisco had just acquired another company and I remember reading about them back in those days as far as the level of sophistication that they had in the team that they put together. When they made an acquisition, they had a whole team that would basically fly out and basically convert them to the Cisco way of doing business.

Now, obviously, that's an extreme example, and that was a huge company that had a huge team, multiple teams probably, that could do that. We'd probably just have to kind of take that idea and maybe scale it back to the level of your firm and just how many types of acquisitions you're gonna be doing.

Jim Weaver: I think that's right, Steve. It also reminds me ... I think it's very important ... This is regardless of really the size or even the number of acquisitions that you're doing. I encourage people to think about this activity much like you would think about executing a project, so everything from having a project plan ... This really becomes more germane when you get a little bit deeper into the acquisition. Maybe you've already identified a company. You're now in discussions with the company. I like to think about that as a project, and much like you would project manage an implementation of a software for a client, you have to project manage all the tasks and activities related to the acquisition of this new company.

That also is gonna allow you to move into the next step, which is you complete the acquisition. Still a lot of things to happen to get that done, but once you complete the acquisition, then you have all of this documentation that you've maintained throughout that process that gets handed off to the operations folks who now start the integration of that acquisition.

Steve Sanduski: As we think about who you might acquire, in your experience, has it typically been more proactive, meaning the company decides to set a strategy that we're gonna go out and acquire firms? Or has it been more happenstance, where I'm at an industry conference and I bump into Joe or Mary who's running another company, we strike up a conversation and we realize, "Oh, it might make sense for us to join forces"? In your experience, do these deals typically happen more proactive, where we develop a strategy, we do our homework, we identify candidates, we do public research and then we reach out to them? Or is it more, "Hey, I opportunistically ran into somebody and that sparked the conversation"?

Jim Weaver: Certainly both. I've had both happen. I would say it's more likely that the acquiring company has set out to look for a company to acquire, but certainly both have happened. You could also be a company who's looking to be acquired, and so maybe you put some feelers out to test the market to let folks know that, "Hey, we're interested in some sort of business combination."

Steve Sanduski: How much due diligence do you do in advance before actually approaching the company in terms of maybe any publicly available information? How much time do you put into it, not even knowing whether or not the company would be receptive if you decide to eventually talk to them?

Jim Weaver: Some of that is really dependent upon the availability of information. If it's a public company, then you typically have access to a significant amount of information, obviously through the ... It's through public records. If it's a private company, a little bit tougher. I do like to try to learn as much as I can, and that would be doing research that I can do independently as well as talking to people who may work with or know of the company to find out as much as I can in the process of analyzing an assessment, "Do we want to approach this company?" I do try to spend a fair bit of time to understand the company, know the company, and learn what you can about it. Again, public company's a lot easier than private.

Steve Sanduski: In your experience, when someone makes the initial offer to acquire someone, does it just come cold to that company, the potential target company? Or is it typically that the executives of the two companies have had some kind of relationship or they know each other and so this isn't just gonna be totally coming out of the cold?

Jim Weaver: Yeah, much more of the latter, so I think you need to establish that relationship. Or alternatively again, if you're working with an investment banker, then maybe that happens through the investment banker. More often than not, the CEO's gonna reach out and make some types of representation that, "Hey, I'm interested in working with you", which may be code for, "Maybe there's an opportunity for some type of business combination where we think about an acquisition." I find that starting the conversation with, "Hey, is there an opportunity for us to work together? Is there opportunity for me to help you better understand what we do and you to help me understand what you do to see if there's some synergies there?" That's a much easier way to begin that conversation than launching into, "Hey, I want to talk to you about acquiring your company", as you might imagine.

Steve Sanduski: Yep, yep. Okay. That initial reach out, is that over dinner? Is that a phone call? Could be either? What's your experience been in terms of the best way to have that initial conversation to just see if they even have an interest in going further?

Jim Weaver: Could be either way. I personally prefer if I'm serious about the company and I'm not just doing some early fishing for some information, I'm gonna wanna have a face to face of some sort if I can do that, if it's practical. I'm probably gonna press for that, and most times people are happy to get together for lunch or dinner to explore a business conversation.

Steve Sanduski: As you start preparing your offer, let's say you get to that point where you want to make an offer to acquire them, what is your typical negotiating strategy? I mean, are you interested in saying, "Hey, I pretty much want to give my best offer right out of the chute"? Or do you make an offer that's maybe 80% of where you're willing to ultimately end up? How do you think about the negotiating strategy?

Jim Weaver: Yeah, so the negotiation is obviously much more of an art than it is a science. Now, having said that, you've gotta get to the point where you have a pretty good understanding of what the value of the company is, either on a standalone basis or the value of that company rolled into your own business, 'cause that's gonna form a lot of the expectation around valuation and what you're ultimately willing to pay. What I would prefer to do is I try to be realistic with the number. I want it to certainly pass the laugh test. I think getting a number out there that is something that continues to allow the dialogue to take place is important.

Now, obviously a lot of this is still dependent upon a fair amount of due diligence that's gonna follow any type of letter of intent, but I think if you go in too low, then it's likely to kill the conversation. You obviously don't want to go in too high and overpay for an asset, so I think that's sort of the art part of it, which is trying to understand, what's gonna allow us to continue to have a conversation? See if there's even an opportunity to move towards some type of an agreement.

Steve Sanduski: At this point, I'd imagine the attorneys are involved, and so they're drafting up this letter of intent. Is this really the stage where the attorneys are involved is when you're getting ready to make an offer?

Jim Weaver: Yeah, that's exactly right, and I would also encourage clients to bring their attorney in at the LOI stage, at the letter of intent stage. Sometimes there ... You can write the letter of intent yourself. I would encourage my clients to at that stage engage their legal counsel. It's gonna make it a lot easier for the legal counsel to pick up from that point and go forward with the discussions to a potential asset purchase agreement as opposed to the client doing the LOI themselves and then the attorney coming in and maybe having to unwind some of the language that's in the LOI that they probably wouldn't have had in there had they been involved early on.

Steve Sanduski: This LOI, is this a one-page document? A two page? A 20-page document? What does it typically look like?

Jim Weaver: Average, one to three pages. High-level expression of interest. This is what they think the company would be worth in a transaction. Maybe lays out some timeframes, talks a little bit about due diligence, so pretty high level but it's the document that allows you then to start to move into a deeper dive into the due diligence on the company.

Steve Sanduski: Does this typically contain like a non-disclosure document or confidentiality agreement? Something along those lines as they start exchanging some maybe confidential information? Or when would a document like that come into the process?

Jim Weaver: Certainly by this stage, if you're at the LOI stage, you're gonna certainly have that. I would suggest that it's probably gonna happen even much earlier than that. The moment that you start to get into discussion about if ... In particular, if it's a private company, you start to get into discussions about the financials in that company or anything relative to their client base or certainly anything relative to employees, then you're gonna have to have that NDA in play. The majority of the times, the NDA happens really early in that process and that gets everybody comfortable that we can at least start to share a little bit of information. Start to open up the kimono a bit to get to the point where we can continue to have this meaningful dialogue that we're building over time.

Steve Sanduski: As we go into this negotiation process, the financial aspect is ... I'm not gonna say cut and dried, but at least we're dealing with some numbers here, so we may have some parameters that we can figure out there. When you get to more of the softer issues, that might be a little more difficult in terms of, who's gonna survive after the acquisition? How do you integrate say the executive teams of the two companies? Who's gonna be running it? What roles? Those sorts of things? Do you have any thoughts in terms of how people can navigate negotiating the details? Particularly, the non-financial details?

Jim Weaver: I do, and there a lot of them, Steve. You've mentioned a few of them, but there are quite a few. What your question makes me think about is the ... Sort of the psychology of the seller of the company, right? Whether it's the founder or the leadership team of the company that's selling, they go through what is oftentimes a very predictable sort of psychological process from being excited about entertaining discussions to potentially sell their company to then the realization that, "Oh, we're now gonna be part of another company. What does that mean for me? What does that mean for all of my employees? Is this something ... Is this a place where I want to stay?"

I think that's a critical question often maybe not discussed early enough in the process. You have a founder or maybe a couple of founders of the acquired company understanding early on what their longer-term objectives are, if in fact we complete a transaction, is critically important in getting that transaction done over the finish line as well as how that integration is gonna happen post the transaction. You're now into an area that really ... They are the softer points, but they are critical in terms of the success of that acquisition.

Maybe it's a situation where the founders are very clear that they want to sell the company and they want to take their chips off the table and move on, and maybe in that instance you do some type of transition agreement where they agree to stay on for a pre-determined period of time, six months, 12 months, could be up to two years. Or in more rare instances, the founder will ... Or founders will stay on longer term with the acquired company. That's a little more difficult for a lot of obvious reasons and maybe some less obvious reasons when you're going from the founder of a company to now working for somebody else. It creates a lot of challenges. Not that it can't be done, but I think again this is why the conversation early in that process is really pretty important to the success of both completing the transaction as well as the integration of the transaction post the agreement.

Steve Sanduski: Now, this might be kind of hard to answer, but during the negotiation process, there's probably a lot of verbal agreements or verbal perhaps understandings that have taken place. How do you strike the balance between, "Okay we gotta get absolutely everything in writing that we talked about that is gonna happen as a result of this transaction", versus, "Okay, let's make sure we get all the high points in there and some of these other things that we've talked about verbally"? "Maybe we have an understanding but that doesn't have to get into the actual written agreement"? How do you strike that balance? Are there certain things where it's okay that they're not put in the written agreement? Any caveats that we should be thinking about as it relates to that?

Jim Weaver: I think for me it's a fairly easy question to answer because I think everything needs to be documented, and when I say it needs to be documented, that doesn't mean that it has to go into an LOI or it doesn't mean that it has to go into the purchase agreement. It could be simply an email that captures the conversation we just had, but it's a great question, Steve, and I highly, highly recommend that if there are conversations taking place that have anything to do with the nature of the deal or anything to do with any of the terms that'll end up in any of the legal documents, that that gets reduced to some form of documentation. An email would be fine.

It could an extemporaneous email of the conversation that we just had, but very, very important that that happens because I can almost assure you that at some point in the negotiations when we're working through some of the tough items in say the purchase agreement, somebody's gonna bring up a conversation that took place and there's gonna be a lack of clarity and understanding of that conversation on both sides.

That ... I have seen situations where that circumstance can kill a deal because somebody feels betrayed, right? You can interpret the conversation one way, I'd interpret it another way. We're now in disagreement. We're at a point in the negotiations where we got a sticking point to try to work through, and because we feel betrayed, the deals will die. I've seen that happen a number of times, so highly recommend that conversations where they're germane to terms and conditions that will end up in the purchase agreement that those somehow get captured in a document, be it in an email. You could put it in a Word Document and send it to the parties involved. Documentation is really very important.

Steve Sanduski: Yeah, great advice there. Let's say that we have the deal done. The agreement's been executed. Now perhaps comes the hard part, which is integrating the two companies. What are some of your thoughts here on how to ensure an effective integration post acquisition?

Jim Weaver: Your point is well taken. It is in fact the hard part. Getting the deal done can be a challenge, but what oftentimes happens is the deal gets done, it gets inked, everybody's happy. We're sort of off into the honeymoon phase. Everybody takes a big sigh of relief. We got the deal done and everything stops. That can be a huge problem for the integration of the acquisition. To your point, that's really when the hard work begins. What are we gonna do in terms of the integration of the people? The systems? The client base? What are all the communications around that?

Again, as I said earlier, this is where if you've managed this process as a project, and I mean literally as a project where you have tasks and activities and you've got people who are responsible to do certain things by a certain date, then that document forms the basis for the integration that's gonna happen post the transaction. As you've been capturing all the information, whether it's financial information ... Are we gonna integrate the financial systems and move conversion from their system to our system? Or are we gonna run two separate systems for some period of time? We have all of the benefits issues with all of the employees to address.

Oftentimes in certain transactions, depending on the nature of the transaction, the employees that have been acquired literally are terminated from their old position and hired new to the new company. There's a myriad of integration-type questions that have to get answered. There's issues around the contracts. Does the acquired company .. Do their contracts allow for novation? In other words, can the contract that the acquired company owns, can that be assigned to the acquiring company? Those are all ... A lot of very important and critical items that have to get managed through, and if it can novated, if it can be assigned to the new company, then you have to go through the formal process of notifying the client. Advising them that you're no longer with customer B, you're now with customer C and we'll be managing this process going forward.

Again, I can't stress strongly enough that you manage that integration very tightly as a project, but it's really the continuation from the acquisition-related activities right into the integration activities. They fit very well together, so you can take a big sigh and celebrate that the deal was done, but a lot of the heavy lifting does start then and you have to manage that as a project. I've seen situations where that hasn't happened and good people will leave, clients may leave, and it has a detrimental impact on the overall value of that acquisition.

Steve Sanduski: Well, speaking of employees leaving after the acquisition, the cultural integration of the two firms obviously is gonna be critical. How do you think about that? How do you counsel folks when it comes to the culture? Does the acquiring company's culture kind of pervade and take over? Is it maybe some combination of the two companies' cultures to create a new culture? How do you think about integrating the culture when you make an acquisition?

Jim Weaver: I think it could be either of those, and there are probably some other permutations of it as well. In fact, your question made me think about the fact that sometimes a company will acquire another company largely to infuse that company's culture into the acquiring company. I've seen that happen as well, where it's a company that has a great culture that's allowed them to grow dramatically to have huge client satisfaction, significant employee satisfaction. They want that to come into the acquiring company's culture. In that instance, you start to think about all the things that affect culture. Understanding the culture of that acquired company, and then start to move that into your company. That's one example and I've seen that happen.

Alternatively, if the acquiring company has a culture that everybody's excited about, then I think spending time getting all of the employees who have been acquired to understand who we are, how we perceive the employees that work for us, why they're important to us, what are culture really is and what it means to the organization is another part of that integration process. Again, as part of the integration, you have a lot of activities to manage and be accountable for. I would put culture as one of those major tasks that have to get managed.

Steve Sanduski: As you think about perhaps the biggest mistakes that you've seen people make when they try and do an acquisition, what would stick out in your mind here as maybe the top one or two biggest mistakes that people need to watch out for when it comes to making an acquisition?

Jim Weaver: Probably the biggest is they've acquired a company that just has absolutely no fit with their core business. Obviously that's a problem, and I have seen that happen where you sort of convince yourself that there's gonna be a good fit with the product or services that the company is providing with our core product and services. For whatever sets of reasons, maybe a lack of sufficient due diligence, for whatever sets of reasons that turns out not to be the case. Now, you've got this thing that you've paid for. You can't monetize it. It's likely you're not gonna get the return on the investment, so you may unwind it. You may try to sell it off. That's certainly a big one.

I think the other is what we sort of talked about a little bit already, which is you do the acquisition. Everybody takes a big sigh of relief, and then acquired company feels like it's on an island because you haven't gone through an effective process to integrate that company into your company. I think those are two big ones. I've seen both happen and really both can have a fairly significant detrimental impact on the overall potential value of the acquired company.

Steve Sanduski: Well, Jim, as we get ready to wrap up here, just a couple more things here I want to go through. One is, is there anything else that you want to share here that we haven't talked about yet?

Jim Weaver: I don't think so. I think ... I would say I love the idea of having an acquisition strategy as part of your broader growth strategy. I think the key in that statement is that it's part of the broader growth strategy. I think really understanding why we're in the market to do an acquisition is very, very important as opposed to, "Hey, we just want to go the top line. Let's go out." I mean, you can do that. You'll see companies that'll do roll-ups and that sort of things. Very different model from a strategic integration of an acquisition.

Steve Sanduski: Well, great. Well, I took some notes here, so let me just run through what I've got here in terms of this process that you've discussed here in terms of how to really develop and implement an acquisition strategy. The first thing we talked about was really determining your why. Why do you want to do this? What is your strategy? What are some of the benefits that you hope to gain from the strategy from the acquisitions? Second would be, once you have made the determination that you do want to implement this kind of strategy, you need to start assembling your teams. Obviously, this is gonna include someone from the executive suite or multiple people there. Maybe some outside people, attorneys, investment bankers, so really identify who that acquisition team is.

Third would be really start doing your due diligence and identify all the potential targets out there. Do some due diligence on publicly available information, and then once you've identified your targets, then maybe a step forward would be to reach out to that company. Possibly lunch or dinner and start having that conversation to see if they're even receptive. A fifth step, if they are receptive, then at that point you can start talking about some potential terms of the agreement and negotiating those. A sixth step would be the actual contract itself, to finalize that and get that baby signed and executed. I think a seventh one here would be, "Okay, we've now quote 'executed' the acquisition. Now we've gotta do the integration piece", and talking about more of the cultural things and all the ... Really getting the two companies together.

You mentioned the contracts that the acquired company may have and how do we convert those to the new company if indeed those agreements can be converted to a new company. Lots of details there post acquisition. Would that be a summary of what you've talked about in terms of the different steps here?

Jim Weaver: Yes, Steve. I think it's a great summary. I think it's so good that we can now launch you into your M&A career.

Steve Sanduski: All right. Sounds good. All right. Well, great there, Jim. Let's finish here with just a few rapid-fire questions. It's always fun to kind of find out some things about our guests here that we might not otherwise if we just stick to maybe the business thing. Let's talk about behavior. So much of people's success is their behavior and like things that you do on a daily basis. As you look at your life, has there been a daily activity or a daily behavior that you engage in that you think has been helpful for you as you've grown as a leader?

Jim Weaver: I do, so I think treating all employees in any part of the organization with dignity and respect, that seems obvious, but treating them with dignity and respect in good times and in difficult times I think is critically important. Whether it's you're bringing somebody on, you're promoting somebody, or you're counseling somebody out of the company, to me it's critically important that those individuals be treated with dignity and respect.

Steve Sanduski: Well, maybe along those lines as we talk about employees here, what would be a good way to show them appreciation beyond what you just described there? One of the key things that we talk about here at CEO Coaching International is how critical it is to have the absolutely best people possible on the team, and you're only gonna keep those people if you do a great job showing them appreciation. Of course, there's other things that go into it as well, but what have you done in your experience to really show people how much you appreciate them?

Jim Weaver: Yeah, so assuming that you're paying a competitive salary or competitive overall compensation, I am convinced that the most critical thing you can do is to recognize employees and recognize them in front of their peers, in front of their clients. Recognition ... I think honest and transparent and truthful recognition goes a long way in building an employee's trust and appreciation for working for that company. If things like being a part of the chairman's club or whatever type of program you have for the top sellers as an example, I've seen a lot of experiences where the salespeople will run hard to be part of that chairman's club or president's club to do whatever they do, whether it's a trip or whatever rewards they get out of that. At the end of the day, those rewards are just the function of recognition.

Steve Sanduski: Yeah, I think that's a great point there that we all want to be recognized for our effort, and it doesn't have to cost you a lot of money, either. It could just be giving people a shout out at the all-hands company meeting of someone that did something great or somebody who was exemplifying the company's values. Yeah, it doesn't have to mean you spend a lot of money, but just that recognition I think is such a great point.

Jim Weaver: That is a great point. I agree.

Steve Sanduski: All right. Well, final question here. I'm actually gonna start a sentence and I'd like you to finish it. The beginning of the sentence is, "What I know to be true is" ....

Jim Weaver: What I know to be true is unchallenged talent will vote with their feet. Employees who feel like they're not challenged in their job are much more likely to leave, to seek employment elsewhere, or, quite frankly, to expose those talents outside of the company. I see that happen frequently as well, so create an environment where people feel challenged, where they feel recognized. They feel like they're making a contribution, and I think the likelihood of retaining those clients is much, much higher ... Those employees, rather.

Steve Sanduski: Excellent. Well, I think that's a great way to wrap up here, Jim, so I appreciate you making another appearance here on On Your Mark, Get Set, Grow! I appreciate your time here today.

Jim Weaver: Yeah, thanks, Steve. I appreciate it and always good to spend time with you.

Steve Sanduski: Yep, and we'll have all the show notes at our website at ceocoachinginternational.com. Thanks, Jim, and we'll talk to you soon.

Jim Weaver: Thank you. Have a good day.

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