

The Endgame Conversation[®]

Refreshing Your Approach
to First Meetings

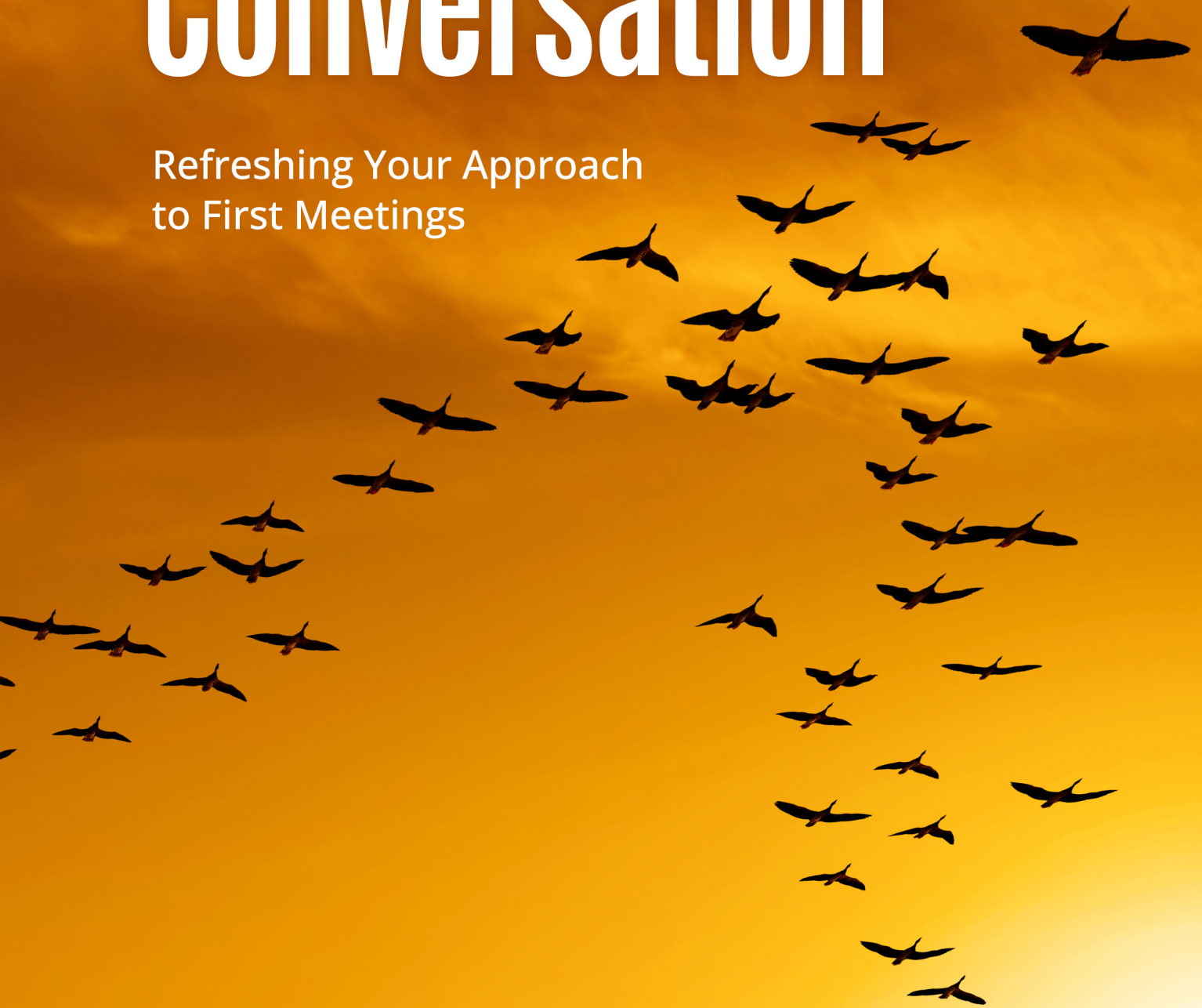


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“

If there's not any endgame,
we're in quicksand.
We take one more step,
and we're still there,
and there's no way out.”

– *Richard Shelby*

For a professional advisor, success hinges on attracting owners that value your expertise and are willing to invest more over time. A higher volume of more lucrative clients is possible, but as new research reveals, it may take a change in the way you approach your first meeting with a prospective new client.

For our purposes here, we'll refer to a first meeting as an initial meeting with a new client, where your goal is to introduce yourself, learn about their business, and see how you might be able to help.



The Traditional Approach to First Meetings

The conventional approach to engaging with prospective clients, deeply ingrained in consultative selling techniques and popularized by Neil Rackham's SPIN Selling, involves a series of questions aimed at understanding the client's situation and identifying their needs. Rackham's method, which revolutionized sales by encouraging a shift from aggressive pitching to a consultative, advisory role, focuses on understanding the client's issues and their implications before proposing solutions.

However, the effectiveness of the SPIN selling method is waning. Its widespread use has led to fatigue. Business owners are increasingly weary of the repetitive queries posed by numerous consultants and vendors:

“Tell me about your business.”
“What keeps you up at night?”
“What are your biggest challenges?”

Once novel, these questions are now seen as cliché and unproductive by many experienced owners that have encountered dozens of consultative selling approaches from advisors.

Additionally, this method risks putting a low ceiling on the size of your advisory practice. When an advisor delves into the breadth of a client's issues, it creates an expectation that they can address any problem that arises, which could run the gamut from HR headaches to new IT deployments. This expectation can dilute the advisor's strategic expertise, reducing their ability to provide specialized advice and leverage their unique strengths in their business model.

While the principal of the firm, usually seasoned and versatile, might feel capable of adding value in various areas, this breadth of expectation makes it nearly impossible to delegate delivery to less experienced junior consultants. For these junior members to contribute effectively to your firm (and your clients), they require a narrower scope of work that aligns with their specific skills and expertise.

3 Reasons SPIN Is No Longer Working

1
Prospects
are tired
of answering
the same
questions.

2
Prospects
have access
to more
research.

3
Prospects
expect advisors
to be able to
fix the problems
they unearth.

“

When clients are involved
in a crisis, We often start at the end.
When this is over, Where do you
want to end up? What's your endgame?
We try to start from that and
work ourselves back.”

– Judy Smith

The Endgame Conversation®

In this paper, we will propose a new type of first meeting that is garnering extraordinary results for the advisors that use it.

This new approach to the first meeting you have with an owner is called The Endgame Conversation®, and it prompts the owner to express their long-term strategic intent for their business. The Endgame Conversation® centers around four key questions an advisor poses to a business owner during their first meeting:

1. What's Your Endgame?

This question encourages the owner to contemplate their long-term strategic goals for the business. The advisor delves into succession plans, asking whether the owner intends to pass the business on to their children or sell to a third party in the future.

2. By When?

After establishing the owner's long-range strategic intent, the next step is to ascertain their timeline. This involves understanding whether they plan a transition soon or if it's decades away.

3. How Much?

The third question aims to uncover the owner's dream number—the financial goal they aspire to achieve through their business. Extracting this number provides a crucial piece of information for framing subsequent recommendations.

4. How Close?

The final question focuses on gauging the current value of the business and assessing how close the owner is to making their dream a reality. This involves a benchmark of the value of the owner's company and potential growth trajectory.

The Endgame Conversation® represents a strategic pivot in first meetings, focusing on concise, strategic questions that lead to a deeper, more productive dialogue with business owners.

The Endgame Conversation®

Note to advisors

The Endgame Conversation® is a strategically important conversation. It can lead to a much deeper relationship with an owner and open a new wallet for investing in outside advice. It can help you justify your fees and show an owner a return on hiring you.

The Endgame Conversation® allows you to position your fees as an investment rather than an expense and helps set you apart from myriad advisors that offer to help owners “manage and grow” their business. Ideally, if the conversation is a success, you will learn 1) how they plan to exit their business, 2) by when, 3) how much money they hope to walk away with, and 4) how far they are from their dream number today.

But it's a delicate conversation and needs to be handled with discretion. Think of yourself as nibbling at the edges of a sandwich. You're probing gently for answers. It should never sound confrontational. Be deferential; soften your questions with phrases like “You probably haven't given this a ton of thought yet, but...”

Minimize your use of the words “exit” and “sell.” These can be a turnoff for some owners. Instead, replace them with the more playful term “endgame,” which implies a longer time horizon and a wider range of possibilities.



The Endgame Conversation® Discussion Guide

Using the Value Builder Report (with estimate of value) as the call to action at the end of your conversation. The sections in **Black** are your words, whereas the sections in **Orange** are hypothetical answers from the owner.

From what I can tell from your website, it looks like you offer <insert what they sell> to <insert a shorthand description of their target customer>. Can you tell me a little more about what makes your business model unique?
<Owner describes how they make money>.

Looks like you've built a great business.... Have you ever thought about your endgame? I mean, are you planning to pass it down to your kids or...?
I'm not passing it to my kids...so I guess I'll sell it one day.

Yeah, makes sense. Have you started to think about timing at all? Are you thinking of transitioning out in the next few years or decades down the road?
I'm not sure really. Probably within the next five years.

Got it. I know this is a long way off...and you probably haven't given it a ton of thought... but have you got any sense of what you'd like your business to be worth when you're ready to sell?
I'd like to get at least \$5 million for it.

Got it. And any sense of where you're at now in terms of valuation?
Not really.

Understood. I like to start new relationships by having owners complete a value assessment so we can get a third-party benchmark of where you're at and come up with a plan to get you to your number. It's free and takes around 10-15 minutes to complete. I'll get your business an estimate of value and a score on eight factors that drive the value of your company in the eyes of an acquirer. Would you be up for completing a short questionnaire so I can bring my report to our next meeting?
Sure.

Great. I'll send you a link to the Value Builder questionnaire, and if you can grab 10 minutes before our next meeting, that would be great.



Trouble Shooting

Now, let's look at some ways that you can address owner uncertainty or objection to move your conversation forward.

Question	Problem	Solution
<p>Q1 : "Looks like you've built a great business.... Have you ever thought about your endgame? Are you planning to pass it down to your kids or...?"</p>	<p>Owner answers with "I don't know."</p>	<p>Acknowledge their response with "I understand," and then pivot to "Sounds like it's a long way off...but if you had to guess, is it more likely that you'd pass the business on to a family member?" Leading with the option to pass to kids is likely to trigger a reaction like "No, I'll probably sell." Less than one in five owners plan to pass their business to their kids, but asking it that way is designed to trigger their actual answer. If they still will not answer, move to question 2 with "I understand."</p>
<p>Q2 : "Have you started to think about timing at all? Are you thinking of transitioning out in the next few years or decades down the road?"</p>	<p>Owner says, "I don't know."</p>	<p>Acknowledge their response with "I understand. It sounds like your endgame is a long way off. Shall I assume it's probably decades away?" That question is more likely to get them to choose a shorter time horizon, but they may stick with not sure, in which case, move to Q. 3.</p>
<p>Q3 : "I know this is a long way off...and you probably haven't given it a ton of thought...but have you got any sense of what you'd like your business to be worth when you're ready to sell?"</p>	<p>Owner says, "I don't know."</p>	<p>Acknowledge their response with "I understand. It's a long way off. Another way to think about this question is, do you have a walkaway number? What would the number have to be for you to hand over the keys tomorrow?"</p>
<p>Q4 : "And any sense of where you're at now in terms of valuation?"</p>	<p>Owner says, "Yes, we just had a valuation done."</p>	<p>Acknowledge their response with "That's great!" Change your call to action to "I'd love to augment the valuation you just got with a report on how an acquirer might look at your business qualitatively. We'll benchmark you on eight factors that acquirers use to evaluate acquisition candidates. Would you be up for completing a short questionnaire so I can bring my report to our next meeting?"</p>

Why The Endgame Conversation® Works

Starting The Endgame Conversation® in a first meeting has several benefits. To begin, it encourages owners to view their business as an asset. Typically, owners are immersed in solving daily problems, but thinking strategically about their business shifts their mindset from an operator to an asset owner. This perspective transforms their view of the business from just a company they run to an asset they protect and grow.

When an owner perceives their company as an asset to maximize, the value of hiring you as their advisor becomes clear. Owners are accustomed to paying advisors for managing personal assets. For instance, it's common to pay 1% of an investment portfolio's value for passive management. Similarly, owners can envisage paying at least 1% of their company's value to an advisor to safeguard and enhance its worth over time.

This shift in perspective—from managing a company to owning an asset—reclassifies your fees in the owner's mind from an expense to a valuable investment. This is why advisors incorporating The Endgame Conversation® into their first meeting often see a significant increase in their fees. A late 2023 survey by The Value Builder System™, involving 643 business owners, revealed that owners nearing the sale of their business increase their spending on external advice by 59%.

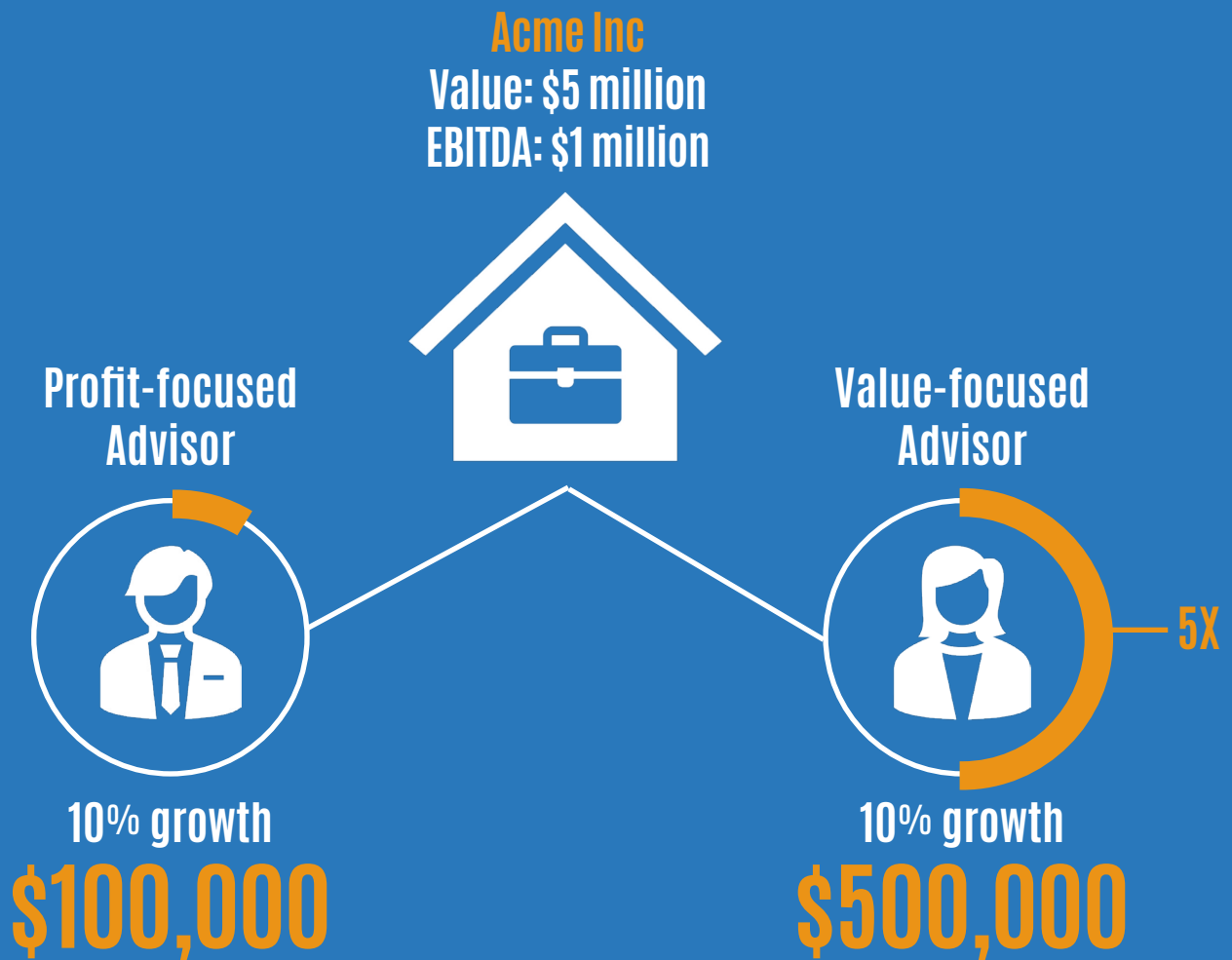
Profit vs. Value

Consider a hypothetical company valued at \$5 million with a profit of \$1 million.

Advisor A proposes to assist the owner in boosting profits by 10%, which would yield an additional \$100,000.

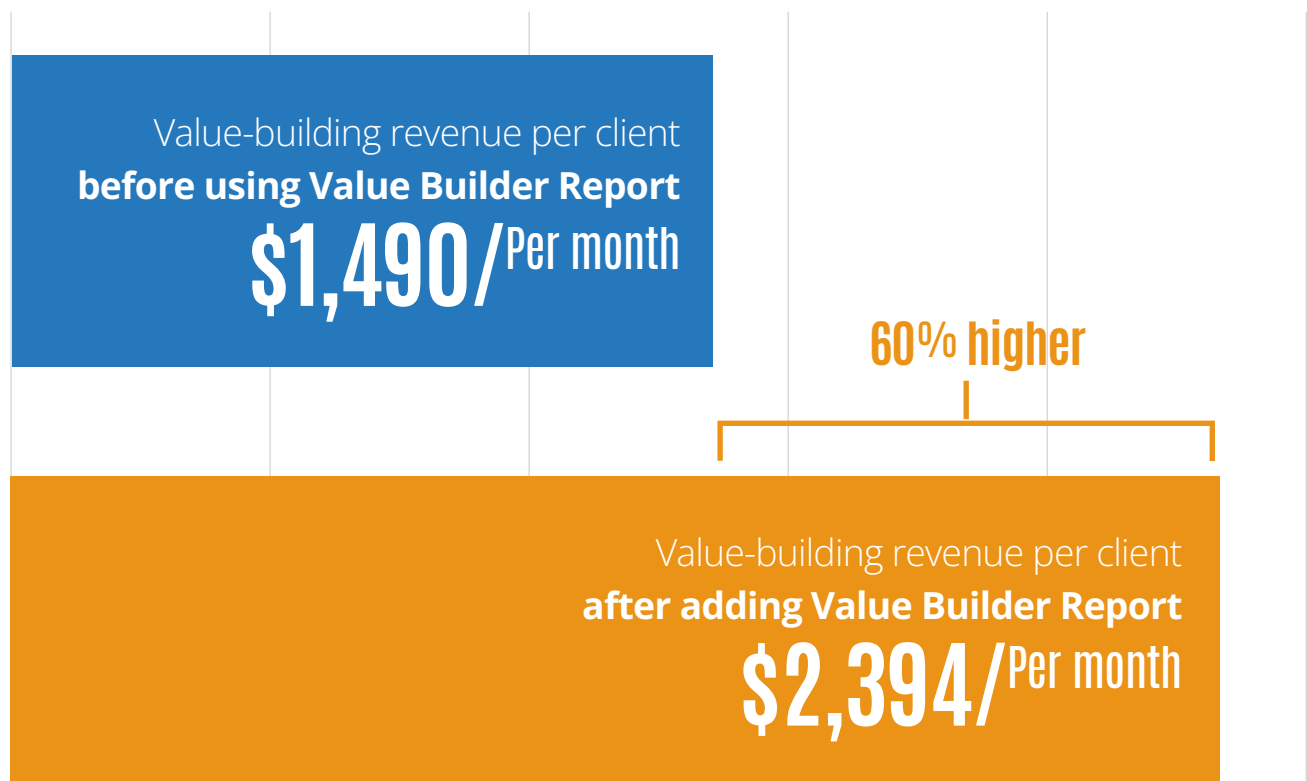
Advisor B, on the other hand, suggests helping the owner increase the company's value by 10%. This approach could potentially add an extra \$500,000 to the owner's assets.

Faced with these options, which advisor is the owner more likely to choose?



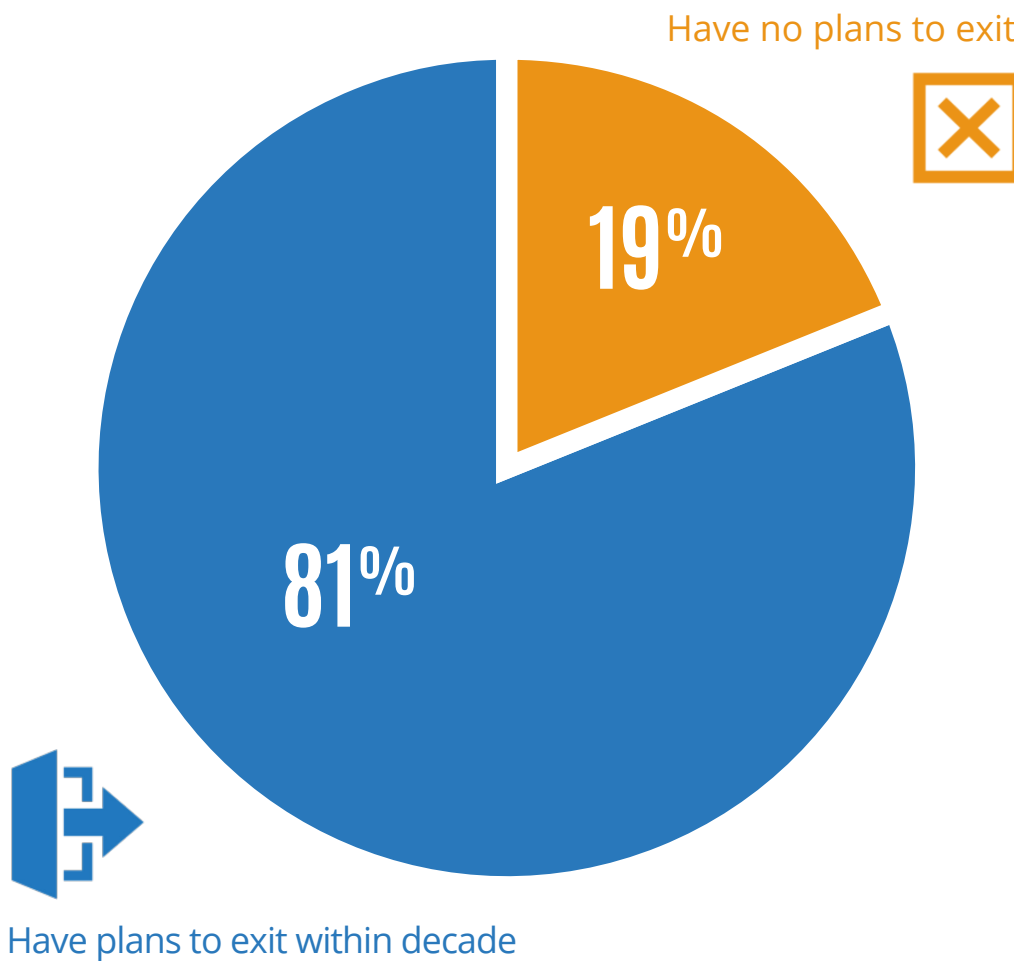
Advisors Charge 60% More After Integrating Value Builder Report

In addition to surveying business owners, the Value Builder researchers also canvassed a group of professional advisors who use the Value Builder Report as a tool to start The Endgame Conversation® with owners and discovered that once an advisor incorporated the Value Builder Report into their sales process, their average revenue per client went up by 60%



8 in 10 Owners Thinking about Their Endgame

If the idea of starting the Endgame Conversation® with a business owner is new or seems limiting to you, consider this: Most owners are already thinking about their exit. According to the Exit Planning Institute, 8 in 10 business owners are planning to exit their company in the next decade, prompting Peter Christman, the co-founder of the Exit Planning Institute, to declare the coming wave of owner transitions, “The \$10 Trillion Opportunity for Advisors.”



“

Coming Owner Transition
is a \$10 Trillion Dollar
Opportunity for Advisors.”

– *Peter Christman*
Co-founder The Exit Planning Institute

4 Reasons to Have The Endgame Conversation®

1 Position your fee as an investment rather than an expense.

2 Charge more.

3 Capitalize on a growing trend.

4 Differentiate yourself from generic advisors.

Some advisors avoid The Endgame Conversation® with their clients. They prefer to talk about helping an owner grow sales or increase profitability. But scaling up profit, revenue, and cash flow are all services offered by most business coaches. In fact, for every advisor willing and able to start The Endgame Conversation®, there are probably hundreds of generic advisors offering to help owners grow sales and profits.

Therefore, advisors that become fluent in The Endgame Conversation® set themselves apart from their peers.



In Conclusion

The Endgame Conversation® marks a pivotal shift in how business advisors engage with clients during their first meeting together. Moving beyond the conventional SPIN selling method, this approach centers on understanding a business owner's long-term strategic goals. By focusing on the endgame—the ultimate objective for the business—advisors can foster a deeper, more productive dialogue.

This conversation not only helps owners see their business as an asset but also repositions advisory fees as a valuable investment. The Endgame Conversation's success is underpinned by its ability to make owners think strategically, allowing advisors to differentiate themselves and justify higher fees. As the demand for exit planning grows, mastering The Endgame Conversation® becomes not just advantageous but essential for advisors seeking to stand out in a crowded market. This strategic shift promises not only higher revenues for advisors but also a deeper, more meaningful engagement with business owners.



About The Value Builder System™

Value Builder offers an assessment tool that helps advisors start The Endgame Conversation® with a business owner. The owner-friendly Value Builder Report includes a thumbnail valuation and an action plan for improving it. Our network of advisors has started 70,000 endgame conversations using our assessments.

Value Builder advisors also get a marketing system for starting the Endgame Conversation®. We offer a done-for-you, white-labeled drip marketing program called Nurture Cycle that warms owners up to the idea of having The Endgame Conversation® with you. We include a library of e-books and presentation templates you can leverage to position yourself as an exit expert. All of our content is pre-tested and optimized using our proprietary panel of 25,000 business owners, which is how we achieve open rates that are twice the industry average.