

# The Seven Habits of Highly Successful Sellers

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## Background

- Sean Hutchinson, CEPA
- FortunatoHutchinson ([www.fortunatohutchinson.com](http://www.fortunatohutchinson.com))
  - Middle Market Investment Bank
    - Est. February 2008
    - FINRA Registered Representatives (Series 7, Series 79)
    - Broker/Dealer – Patrick Capital Markets
    - Privately held businesses - \$10-250MM rev.
    - Fund advisory and private placements
    - Mergers and Acquisitions
    - General Advisory
      - Valuation
      - Value Enhancement
      - Exit Planning
    - Footprint – North America

## Premise

- a successful transaction depends not just on business fundamentals, but also on the willingness of the owner(s) to engage in a long-term planning process
- this receptiveness is not accidental or solely due to remarkably persuasive and competent advisors (although we undoubtedly have a great deal of influence)
- high-performing clients exhibit certain behaviors, or “habits”, that are leading indicators of a successful process and ultimately a more successful (and possibly higher value) transaction
- Advisors who recognize these behaviors, and screen for them during the client intake process, will be more successful

# Survey

- EPI Membership
  - International
    - USA
    - Mexico
    - Canada
    - Australia
    - Germany
  - Diverse experiences
    - “Main Street” and “Middle Market”
- Diverse professional backgrounds
  - Investment Bankers
  - Attorneys
  - Wealth Planning/Management (Sole practitioners through Institutional)
  - Accountants
  - Consultants
  - Business Brokers
  - Consultants
- Advise thousands of business owners every year
- All aspects of the exit process – prep, planning, transactional

## Survey Questions

1. What leading positive behaviors/habits have you observed in owners who are more likely to fully engage in exit planning and also may contribute to a highly successful transaction?
2. What leading negative behaviors/habits have you observed in owners who are less likely to fully engage in the exit planning and also may undermine the transaction?
3. Do you screen for positive or negative behaviors during your client intake process?
4. (a)  
If you answered Yes to Question #3, please describe any screening tools or processes you use (formal or informal), and indicate the weight that behavioral screening has relative to other factors such as business fundamentals, preliminary expressions of interest from qualified buyers, reliability of the referral source, etc.
5. (b)  
If you answered No to Question #3, indicate whether you believe that some sort of behavioral screening would improve your client intake process and contribute to a higher probability of success.

## Question 1 Responses - Summary

- Confident, Positive, Engaged
- Care for others before self, family-focused
- Clarity – Vision, Strategy, Legacy, Timing of Exit, Life-after-business
- Prepared, disciplined
- Listen
- Willing, Collaborative, Open to advice
- Committed
- Financially savvy

## Question 2 - Responses (Summary)

- Losing money / sell on the down-side
- No vision for Life-after-Business
- Controlling
- Know-it-all / egotistical/ DIY / arrogant
- Negative perception of advisors
- Hide key info / slow to respond
- Fear change
- Too busy for planning/strategy /ADD-HD / Can't Focus / Disrupt process
- Undisciplined – finance/information/planning
- Poor attitude / bored / argumentative / angry / volatile
- Family dysfunction
- Greedy / Cheap
- Closed-minded

## Question 3 - Screening

- 50% use “formal” screening process
  - Structured Questionnaire
  - Interviews (owner, family, management)
  - Financial Statement Reviews
  - Valuation
  - Financial qualifiers (min. revenue, growth, profit)
  - Referral source
  - Checklists
  - Self-developed lists of positive and negative attributes
  - Interviews with owner’s other advisors



## Question 3 - Informal Screening

- “Gut feel”
- Just talk – feel them out – ask key questions more than once
- “Intuition” developed over years of practice

# The Seven Habits

# Habit 1.

- Continuously learns / shares knowledge
  - Reject “knowledge is power
  - Embrace “knowledge is empowering”
  - Facilitate others’ learning and development
  - Recruit and retain people smarter than themselves

## Habit 2.

- Maintains a “patient but ready” stance
  - Long-term view / Return-on-Investment
  - Prepared to act when opportunity knocks
  - Practices “information discipline”

## Habit 3.

- Doesn't argue with reality
  - Data-driven
  - Evidence based decisions
  - Bad news is a call to action

## Habit 4.

- Seeks counsel in all aspects of their life and business
  - Values advice and advisors
  - Surrounded by high-performers

## Habit 5.

- Always talks like a winner
  - An interview transcript would be at-least 90% growth and change oriented
  - Exit is confirmation of achievement and success
  - Infectious vocabulary
  - Losing is not part of the conversation

## Habit 6.

- Seeks adventure and change
  - Life will not pass me by



## Habit 7.

- Takes care of all stakeholders and allows them to reciprocate
  - Decisions are not made in the “vacuum of self”
  - It doesn't have to be lonely at the top
  - Finds comfort in community

## Tools and Strategies

- **Qualify your Prospects**
  - Educate referral sources
  - Research
  - Seek clients that build your brand equity not just your pipeline
- **Disciplined and Formal Intake Process**
  - Communicate that you have one and follow it religiously. Prospects need to understand that not everyone gets in.
  - Use personality assessments and behavioral screening tools
  - “Hire” your clients slowly – “Fire” them quickly
- **Start with a “low impact” engagement**
- **Upfront fee**
- **Trust your instincts**
  - If you don’t like the dance, you won’t like the marriage