

INTRODUCTION



Approximately half of all Americans are employed by small businesses, according to a 2019 small business profile report put out by the U.S. Small Business Administration. These companies are led by people who have contributed their time and treasure—often at great personal and financial risk—to build economic value and create jobs. That's why, in my mind, small business owners are heroes. They are architects of the American dream.

Yet a large subset of this successful group is driven by more than the bottom line of profits and financial gain. These small business owners strive to grow prosperous companies *and* make a difference in the lives of their families, employees, and communities. They donate their time, resources, and money to nonprofits and heartfelt causes. They wish to make the world a better place and leave behind a meaningful legacy. For them, pursuit of happiness and fulfillment means pursuit of purpose. It is equally important to their bottom line. I call these amazing people Big Hearted Business Owners™ (BHBO), and I wrote this book for them. The BHBO understands that giving and adding value can lead to higher overall wealth for both themselves and society. This abundance mentality where business transactions are beneficial to both sides of a transaction and entrepreneur ingenuity can solve nearly any problem is a hallmark of the BHBO, who understands that giving frequently results in receiving.

Creating something out of nothing is commonplace for business owners. Economic textbooks frequently discuss the finite amount of supplies as a constraint upon growth and economic activity. The assumption is that when these supplies are used, nothing remains to create wealth. Yet entrepreneurs, when at their innovative best, frequently make use of materials or ideas not previously considered valuable. In so doing, this ingenuity creates wealth for themselves and society not previously considered possible. Countless examples of advances exist where entrepreneurs discover better ways of doing things: few cared about rare earth metals like dysprosium before cell phones and solar power has grown from a dream to economically feasible.

The abundance mentality applies not only to creative problem solving, but also in dealings with other people. Time or money spent on family or other personally energizing causes like charities (or sometimes just R&R) can motivate, refresh and re-focus leadership. A benefits package and a healthy work life balance for employees typically leads to greater productivity. Businesses and their owners actively involved in their communities frequently enjoy the benefits of good press and favorable customer attitudes. Finally, as discussed in the book, the tax code holds numerous opportunities to benefit charities,

employees and family members with minimal or even beneficial impact on a business owner's lifestyle. Doing good and doing well are not mutually exclusive.

What are the drivers for a BHBO? Throughout this book, I will reference these drivers as a business owner's personal 'true north': the values, ethics, and causes most near and dear to their heart. Finding and following your own personal true north is an important part of everyone's life journey. For those who wish to experience authentic human happiness and fulfillment, it is essential work. By definition, your true north is your fixed point in a spinning world. It helps you stay on track, even during life's rough patches. Everyone's true north is different, guided by their own unique values, ethics, passions, and deeply held beliefs. For some, it is faith that calls them. Loyalty and dedication to family, friends, and community are also often strong drivers for many BHBOs. Others are drawn to do great things based on principles like integrity, compassion, charity, and more. Whatever your true north, it is uniquely yours, as specific to you as your personality. Thus the BHBO can be a collection of people who may agree on little else besides the belief in abundance and ingenuity: they can be Republican (Bill Koch of Koch Industries—author of *Good Profit*), Democrat (Yvon Chouinard and Vincent Stanley of Patagonia—authors of *The Responsible Company*), a focused builder of great wealth only to donate/transfer later in life (Warren Buffett has pledged to give a majority of his fortune to charity before he dies—and has donated billions in 2020 alone), or maintaining generosity through every stage of the business cycle (look around your community, you will find many such examples). This book is not written to promote a specific version of 'true north'... it is to help you use yours to align your business and personal goals with specific tools and ideas that have saved people millions.

If you don't yet know your true north, but you're on the path to becoming a BHBO, this book will still have immense value for you. *The Bottom Line of Happiness* is designed to help people like you successfully navigate toward your desired destination while avoiding missteps that could throw you off course or worse yet completely derail your journey. As a wealth manager for the last 25 years, I have unfortunately met far too many well intentioned business owners who come into my office for the first time thinking they are on the right path, only to learn that some vague regulation, hidden compliance issue, arcane tax rule, or poor decision twenty years ago will now keep them from realizing their dreams. Those are rough conversations for me.

I've written *The Bottom Line of Happiness* to prevent such difficulties from happening whenever possible. The contents of this book offer a primer for BHBOs who are willing to make their true north a priority and plan for a safe arrival there at some point in the future. With the proper guidance, a BHBO cannot only arrive at their true north, they can even accelerate their journey to that happy place.

Running and growing a successful business is immensely complicated, so I've taken the best of my practical tools for busy owners and included them in each chapter. They can help you avoid or overcome seen and unseen obstacles (taxes, liability, risk and wasted

time) and align your personal and business goals. Along the way, I'll ask and answer a lot of questions that will help you chart the best course to your true north:

- Is your current business entity the best for your personal goals?
- How do you choose and manage personal and business advisors to help you make the best decisions?
- How can you take care of your family with least tax consequence?
- What are intelligent ways to empower your favorite charities?
- Why is it important to run your business with the exit in mind, and how do you do that?
- Which types of business exits best align with your personal and professional goals?
- When and how do you complete a successful exit?
- What happens after that for the BHBO?

As your guide on this journey, let me tell you a bit about myself. In addition to being a seasoned wealth manager with four professional designations, I am also a trained aeronautical engineer and former flight instructor. As a result, many of my analogies about navigating to your true north are taken from my years in the cockpit. I hope you don't mind. My engineering brain also loves solving complicated problems, which comes in handy in the complex world of business.

Having worked in different industries and being a small business owner myself, I bring a broad-based skillset to my work. I have experience with sophisticated insurance-based tax strategies, investment banking focusing on employee stock ownership plans, the use of captive insurance companies to mitigate risk and build wealth for employees and family members, employee-benefits consulting, various uses of charitable trusts, and the use of sophisticated financial modeling. I have helped clients through nearly every kind of exit: from family successions using estate planning techniques to purchases by private equity firms.

More importantly, I love what I do. I have had the unique pleasure of working with hundreds of small businesses owners from startup to exit. I derive great pleasure from helping owners reach their true north—however they define it—after many years of hard work. Though each client is driven by a different set of values and beliefs, they all share a passion or a mission that drives them inexorably towards their goals. Having a front row seat to their amazing work is very gratifying. If you are a Big Hearted Business Owner™, I'd be honored to show you how to navigate to *your* true north. Let's get started.