

8 WAYS TO RE-INVENT YOURSELF IN A CRISIS

Real stories of the business owners who invested in change to emerge from a crisis with a better, more durable, and, valuable company

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FOREWORD

Military veterans refer to the “fog of war” to describe how difficult decision making can be when you’re on the battlefield with imperfect information. Sometimes the obvious answer in retrospect is not so apparent when you’re in the throes of a crisis, which is why we wanted to share the stories of eight owners who took bold and decisive action at a time of deep economic uncertainty.



STEPHANIE'S WAY

STEPHANIE BREEDLOVE

Founder: Breedlove & Associates
Built to Sell Radio Episode #74



Record Deficits and Increased Poverty

In 1992, 10 million Americans were out of work, the country faced record deficits, and poverty and welfare rolls were growing. Family incomes were losing ground to inflation and jobs were being created at the slowest rate since the Great Depression. That's when Stephanie Breedlove started a payroll company. Rather than compete with the big providers, she decided to focus on providing payroll for parents that had a nanny. It was a tiny slice of the payroll market, yet 20 years later, she sold Breedlove & Associates for \$54 million.



SUNNY'S WAY

SUNNY VANDERBECK

Founder: Data Return
Built to Sell Radio Episode #206

The Disaster of 9/11

During the days that followed the terrorist attacks of September 11, 2001, most Americans believed they were at war. The crisis paralyzed, owners who wondered what would become of the world. Spending stopped. The stock market tanked. At the time, Sunny Vanderbeck owned and operated a web hosting company called Data Return and had just seen a \$1 billion acquisition offer from Compaq go up in smoke. Vanderbeck took stock of the situation. Data Return was burning cash, and Vanderbeck figured they had six months to get a deal done before they would face mortal danger. He continued to look for a buyer and soon received another offer from a technology consulting and software business rolling up IT services companies. Vanderbeck agreed to sell Data Return in exchange for stock in the IT services roll-up. Soon after the transaction closed, Vanderbeck realized he had made a mistake. As he recounts in his book, *Selling Without Selling Out*, Vanderbeck recognized that his company's acquirer was suffering the consequences of a buying spree, during which they had made forty recent acquisitions. Data Return's acquirer had bitten off more than they could chew, and a little over a year later, they declared bankruptcy. Vanderbeck had fallen from being just days away from a \$1 billion payday to owning shares in a bankrupt business. He still had his original Data Return partners and investors who believed in him, so Vanderbeck assembled his team again and bought the assets of his former company out of bankruptcy for \$30 million. Four years later, Vanderbeck sold Data Return to Terremark Worldwide in a transaction valued at \$85 million.

JOSHUA'S WAY

JOSHUA DICK

CEO: Urnex

Built to Sell Radio Episode #230



The Jobless Recovery Economy

In 2003, the most common term used to describe the state of the economy was the “jobless recovery.” The year began with concerns about war in Iraq. The Dow Jones Industrial Average fell below 8,000 in February. Mortgage rates plunged to 30-year lows, and homeowners rushed to refinance. George Bush cut taxes hoping consumers would start spending. It was against this backdrop that Joshua Dick took over his father’s company. Urnex was generating less than \$1 million in annual sales across seven product lines. Dick retrenched and jettisoned six of the seven product lines to focus his limited resources on the one product that Dick thought had the potential to scale: cleaning supplies for commercial coffee makers. In other words, a niche of a niche. Dick poured all of his limited resources into becoming the best in the world at one thing and ultimately grew Urnex to more than \$5 million of EBITDA, which is when he decided to sell for a double-digit multiple.



The Great Recession of 2008

The Great Recession that began in 2008 was a time of massive disruption. Stock markets around the world were dropping hundreds of points a day. Banks were failing. Many, including John Moore, thought the world might be ending. Moore is the founder of 3D4Medical.com, a company that created three-dimensional models of the human body, photographed them, and licensed the images to textbook publishers. When the Great Recession of 2008/09 hit Ireland, Moore's business took a significant turn for the worse, and he realized he needed to reinvent the company. Moore decided to offer an application students could use to learn about anatomy. Instead of focusing exclusively on textbook publishers, they started selling their app directly to students, teachers, and medical professionals. The business began to hum as more universities — including the likes of Stanford and Cambridge — signed on. By 2019, 3D4Medical was up to 75 employees, including a reliable management team. Moore was making plans to continue to grow the business when one of the biggest textbook publishers in the world made an offer to buy 3D4Medical for \$50.6 million.

GRIFFIN'S WAY

GRIFFIN THALL

Founder: Pura Vida Bracelets
Built to Sell Radio Episode #223



The Final Hundred Dollars

In 2010, Griffin Thall was finishing his final year at San Diego State University and trying to figure out what to do with his life. He spent the last of his savings on a graduation trip to Costa Rica, where he crossed paths with two bracelet artisans named Jorge and Joaquin, who were living in poverty. Jorge and Joaquin made beautiful, colorful handmade bracelets that seemed to capture the essence of their journey. Thall took the last few hundred dollars in his bank account and asked the artisans to make 400 bracelets. Upon returning to San Diego, Thall got to work selling their bracelets. They built a simple website and took orders online. With no money to advertise, Thall promoted his lifestyle brand on social media. Over the next nine years, Thall built Pura Vida into a \$68 million company with supply continuing to come from Jorge and Joaquin, who now employ more than 1,000 people. In July 2019, Vera Bradley announced their acquisition of a 75% stake in Pura Vida Bracelets for \$75 million in cash plus a \$22.5 million earn-out, which equates to a little more than nine times that year's adjusted EBITDA.



AATER'S WAY

AATER SULEMAN

Co-founder: Flux7
Built to Sell Radio Episode #229

The Restart

In 2012, business life was restarting after the Great Recession. The Federal Reserve was using quantitative easing to try to kickstart the economy, which was still suffering. The unemployment rate was around 9%. It was against this backdrop that Ater Suleman co-founded an IT services company called Flux7. Suleman and his partner started as “two smart guys with laptops” and would take any project. The partners quickly realized they needed to focus and become the best in the world at one thing. They decided on becoming experts in helping companies migrate their technology to Amazon Web Services (AWS). This focus created a domino effect where the more they concentrated their marketing, the more they attracted customers interested in AWS. They were able to say no quickly to wrong-fit customers, reserving their sales resources for people that wanted to leverage AWS. They also found that focus accelerated their referrals, which in turn fueled their growth. By 2019, Flux7 had 70 employees and was acquired by NTT DATA, the Fortune 500 IT giant.

SCOTT'S WAY

SCOTT MOORE

Co-founder: The Maple Street Biscuit Company
Built to Sell Radio Episode #227



Restructure Then Restart

2012 was also the year Scott Moore lost his job in a restructuring. Moore decided to turn his crisis into an opportunity by starting a restaurant with his friend Gus Evans in Jacksonville, Florida. They called it The Maple Street Biscuit Company and offered what they refer to as “comfort food with a modern twist.”

Moore invested a chunk of his life savings in the first restaurant, and it was a success. A second store worked well too. Then a third. Emboldened by their early results, Moore wrote a business plan for a massive expansion, which called for building 25 locations across the southeastern United States in just 18 months. To fund the growth, he put his house up as collateral on a bank loan and personally signed a guarantee that, had Moore failed, would have left him penniless. As it turned out, the gamble paid off when the restaurant chain Cracker Barrel acquired The Maple Street Biscuit Company in November 2019 for \$36 million in an all-cash transaction.

ARVID AND DANIELLE'S WAY



ARVID KAHL & DANIELLE SIMPSON

Founders: FeedbackPanda
Built to Sell Radio Episode #225

Stuck At Home

In June 2017, Canadian Danielle Simpson found herself living with her new partner in Berlin, Germany. Stuck at home and with little in the way of a social network in Germany, Simpson decided to teach English as a second language. Simpson's partner, Arvid Kahl, noticed her struggling to complete feedback reports about the students. Most of Simpson's report cards were similar, yet she had to waste hours retyping identical messages about dozens of students every night. Kahl, a software engineer, saw a process ripe for automation and built a little tool that allows a teacher to select from a list of pre-scripted student feedback options and accelerate the process of providing comments about students. Kahl and Simpson reasoned the tool might help other English teachers and offered it on a subscription basis through a Facebook group set up for ex-pat teachers. Two years later, the company had crested \$50,000 per month in recurring revenue when they decided to accept SureSwift Capital's offer to buy their business in a life-changing transaction for the couple.

Want to
explore how
we can **RE-
INVENT** your
business
during this
disruptive
time?

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