

Ali Schultz:  
Hi, Jerry,

Jerry:  
Hi, Ali,

Ali Schultz:  
Let's talk about another Operator's Manual topic. One of the questions I have for us to talk about is when is it time to shut down the business And when do you know you have a good business?

Jerry:  
Well, Well, you know, the second question is the easier to answer question, so maybe we'll start with that one.

Ali Schultz:  
Okay,

Jerry:  
First, when do you know when you have a good business? Well, let's start by first of all defining what a good business is. And you know I often talk about content and container in business, right? And the way I describe it is...that content, if you think of a coffee mug, for example, the coffee lives in the mug, and the coffee gives the mug meaning right, Because a container without content is meaningless, but in a similar fashion, content without a good healthy container, one that doesn't leak, is useless.

So I would define, a good business as one that does good work, but does it in a way in which the container, the fiscal container, the discipline of the business is strong and healthy so that it's persistent and sustainable and not driving people into burnout. So what? So? how do you know when a business is good? When the work you're doing is super powerful and meaningful, and the margins are strong and you are consistently, persistently profitable.

And this is a little bit controversial because many of the folks who listen to our podcast are leading venture-back startups. And there's a lot of wonderful value in venture-back startups that drive for growth but I think that the most successful of these companies are ones that both drive for growth and profitability at the same time. So you know you've got a good business when you're doing work that you're proud of in a way that's generating cash simplistic, but it's a powerful initiative, that was the second quest. Tell me again, the first question.

Ali Schultz:  
The first question is: when is it time to shut down the business? And I don't know if it would be useful to think about clients you've worked with where there, either facing this question or refusing to face this question.

Jerry:

Yeah, I think that was a very insightful little add that you had there.

Ali Schultz:

Just kind of, given the current, I don't know market conditions or whatever we're in at the moment there may be more of this than more of this happening now than possibly in the past. Although, it's probably always kind of a thing. And, you know, how do you know when to make the call, and shut things down?

Jerry:

It's a really hard question. One of the reasons that makes it hard is that it is deceptive. There's one line of thinking that says the answer to that question is intellectual and logical. That if you have a business that is constantly losing money and has no prospect of raising capital, then the forces of nature, if you will, will shut it down.

The problem is that this question is often informed by a tremendous amount of emotional attachment. Um, there's a client...obviously, I won't name them that I worked with, and for years we worked together, and the business simply is not ever making any traction. They would count as success, say, a mention in a magazine article or some press review or something like that. And what I tried to do for a long time was to get them to focus on sales, right? Are you actually selling product? Not, what do people who have been given the product say about your product?

One of our last calls, in the end, they asked me this very question and I said, "I think the time to have shut this business down was six months ago." Because like what you asked about was they didn't really want to face this and they got upset with me and they said, "Why don't you believe in me?" And my response was I do believe in you, and I can't wait to see you running a successful business, because I know you have that in you, but this is a business whose time has never come. And it doesn't mean you didn't learn anything from that. It just means that wasn't the right form.

You're my co-founder here at Reboot, I'll bring your attention to the fact that prior to launching Reboot, remember Dan, our other co-founder and I helped start a business called Cojourneo, and Cojourneo, failed, but we took a lot of lessons from Cojourneo, and poured it into Reboot, and Reboot has been a mass of success, right?

So we still did the work, but after two years of not having success, we knew that it was time to shut it down, and we extracted from that experience some of the best that what we do, including our profound dedication to content, and, and the fact that that that journeying together by listening and working on content, we're working and listening to content that has meaning for us was really a valuable thing. So you know we don't often. I don't think we've ever spoken about Cojourneo as a predecessor to Reboot, not publicly, but it's a good example of knowing when to shut the business down, Reformulate, It wasn't just a pivot. It was literally, we shut one business down and opened a new business.

Ali Schultz:

It's like the old container just wasn't working.

Jerry:

That's right. The content was right. What we were trying to do was right. But the container was wrong. That's right.

Ali Schultz:

Yeah, Anything else to add there to close this one out?

Jerry:

Just that you know, the inability to confront that question is one of the things that makes it very difficult to be a CEO, to be a founder to be an entrepreneur and you're not alone and struggling with that, And this is one of those blind spots that it's really really helpful to either have a coach or friends or other entrepreneurs to say "Hey, it's time to pull the plug. This is not working."

Ali Schultz:

Yeah, that and to help someone help you as the entrepreneur process, the fall out of that, the emotional fallout, the threat to your identity fall out right, and to help get you back together for the next thing that's coming your way.

Jerry:

Absolutely. that's absolutely right.

Ali Schultz:

Well, awesome, thanks, Jer.

Jerry:

Thank you.