

## Pete Mohr of Simplifying Entrepreneurship

**Speaker1:** [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, and many other investors for early stage and growth companies. I hope you enjoy this episode. Investor Connect is a 501 C three nonprofit dedicated to the education of investors and startups for fund raising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the donate button on the Investor Connect org website. But hello, this Hall Martin with Investor Connect. Today we're here with Pete Mohr , founder of Simplifying Entrepreneurship. Pete, thank you for joining us.

**Speaker2:** [00:00:52] Thanks so much for having me. Hall I'm looking forward to a great conversation here today.

**Speaker1:** [00:00:55] Great. So where are you calling from today?

**Speaker2:** [00:00:58] I am about an hour outside of Toronto, in Ontario, Canada. And, you know, if I was to fly, I'd be 45 miles to the Toronto airport. So not too far away.

**Speaker1:** [00:01:09] Great. So let's start with your background. How did you get involved with early stage funding and what did you do before?

**Speaker2:** [00:01:16] You know, with early stage funding, I'm not involved with early stage funding. To be honest, HALL I'm more involved with helping entrepreneurs that have that do well. So the kind of thing that I do is help entrepreneurs grow and have better businesses and role through that kind of thing. So when they get their funding, they're not abusing it. It's kind of like, let's put it into play so that we can have a structure around your business that's going to enable them to do even better with their business. So I work with entrepreneurs through that sort of process and enabling them to do even better than they're doing on their own.

**Speaker1:** [00:01:53] Great. So how should an investor analyze the start up to invest in? You work with a lot of startups and you know what, where they are with it. How would an investor look at these deals and make sense of it?

**Speaker2:** [00:02:06] I'm sure you have a lot more structures and all that sort of stuff around it, but I used to be a business broker to Hall helping people buy and sell businesses. And, you know, one of the former things that I used to do, and whenever you're looking at that sort of stuff, the way I see it is that the business wants to be set up in sort of a situation where it can really be a turnkey environment. And from that, I mean like it's got to be able to run on its own without sort of an incredible amount of owner operated decisions. And that's when it becomes really an investment to me. Up until then, it's really kind of like, hey, this, if the owner or the the leader of the organization is out of the picture, we really don't have a business here and it's really not worthy of a big investment because people are really just buying a job. And in that case, when does it turn from a job to an investment? Well, it turns from a job into an investment when you have the structures in place that allow it to run on its own without its primary leader.

**Speaker1:** [00:03:08] Great. And so how do you get to that place where a startup runs on its own is so what do you have to do to get there?

**Speaker2:** [00:03:16] Well, you know, those first 1 to 3 years for every business is kind of crazy. You know, you're just you're just in it and you're going through that. But as you get further down that path, then you're really trying to align what I call turning some of those frustrations of overwork and overwhelm and all this other stuff into frustrations, into freedoms. And how do you do that? Will you do it through what I call my five PE process, which really starts and I'll just outline those five PS. We can kind of dig into them wherever you like, depending on your audience and what you think they want to hear. But it starts with the promise of the business, and then it gets into the full alignment with the people, the product and the process of that business in order to generate the profit. And that's when we're talking about the investment side of things, right? Whenever we invest in things, we want to see a profit. So from that perspective, we need full alignment with the promise, with the product, with the process, with the people so that that profit is generated.

**Speaker1:** [00:04:16] Well, let's start with the promise, I guess. What is involved in creating a promise to the investor?

**Speaker2:** [00:04:24] The biggest thing, whenever we create a promise is we roll into this idea around what's the problem being solved? So who's your unique client, right? And what problem are you solving? And then what is the unique solution to that problem? And then what does their life look afterwards? So if we're talking about the business that we're looking at investing in, for example, what is their promise? What problem are they solving for their customers? How is their solution any different from anybody else's? What's unique about it and what's different? Is it quicker? Is it better? Is it more efficient? Is it cheaper? Like all of those different things? What's making that solution different than any of their competition, and how does it align with making their life better? Because everybody that buys something, whether you're investing in something or whether you're buying something, a good or a service, you're always buying a better future. When we're investing our dollars, we want a return on that. When we're buying a good or service or a trip away, we're thinking about what it is down the road and how our life is going to be better because we've spent our money. So ultimately, what is that promise? And so many businesses don't have it nailed. They don't fully understand what it is that they're the problem that they're solving in alignment with the product, in alignment with how does it make their life better, the client's life better. And that's a lot of the times there's just disconnect their whole and it's they think they have it worked out but they're wondering why this isn't working. It's often because there isn't a real good alignment there.

**Speaker1:** [00:06:02] Right. Well, I like the idea of the unique solution. I see many people solving problems, but their solution is a me too is since everyone else is doing it. That can be hard to fund because there's no moat or competitive advantage. What do you see there in unique solutions?

**Speaker2:** [00:06:19] All the like I said, when it comes to unique solutions, if you're solving a problem that's not unique itself, the problem's not unique, then you need to have a unique solution to solve that problem. Right. And that unique solution usually revolves around it's either quicker. It's however we're doing it is quicker than however they used to do it in the past. It's less expensive than in the past. It causes less friction for the customer in order to get their transformation from their problem and to their better life after. So, in other words, we can do it easier than it's ever been done before for the client because everything has to be client faced or else you're not going to get the cash in, right? They're not going to buy your solution if it's not quicker, cheaper, faster, easier to use all of those different things. So when you're hinging your

marketing and all of the different things in your promise around it, understanding the true essence of what it is you do uniquely better to solve that problem and to give them the transformation is really what investors are going to invest in.

**Speaker1:** [00:07:22] Great. Well, let's talk about the product side of this equation. Yeah. How do you approach the product when you're reviewing a startup?

**Speaker2:** [00:07:30] Yeah. I'm always looking at any of these things all in full alignment with the promise. So that first start is what's the problem or what's the promise? And then we're looking at the product or service. Some are using P words, so we're talking about product here today. But whether it's a product or a service, does the service fully align with the promise? And again, we're missing some there's often some gaps there, and we need to close those gaps and make sure that all of the products in the offering align to the promise. And what we're seeing a lot of times is that with startups, it's not as big of a deal as if you've been around for a bit, but if you've been around for a bit, there's legacy products there. And those legacy products often aren't or services often aren't in full alignment with where the business is going now. So they need to be passed off. And then the 70%, so that's maybe ten, 20% of a lot of businesses, 70% of the products or services really need to be honed down and really need to be looked at from that those lenses of, can we do it cheaper, can we do it quicker, can we do it with less friction? Can we do it in any better way to drive that core business of delivering the promise? And then as the leaders who I'm working with, I'm really only working ever with the leaders of the business, the leaders, and are always looking for those new things that are coming down the pipe that they see in the horizon when they're working on their business, not in it, that are going to develop into the core products that deliver the promise. And when we have this sort of framework and this sort of repetition and circle and wheel of momentum working towards getting those products in full alignment, that's when we start to see some momentum and some opportunity.

**Speaker1:** [00:09:13] Great. And then what about the process side of it? How does that fit in?

**Speaker2:** [00:09:18] Yeah. So I mean, it's a big one. There's processes all over the place. All it's whether you're hiring, you're firing your operations, your marketing, your sales. I mean, processes, processes, processes, but there are no perfect processes. But essentially, we're

always trying to perfect them, right? We're always trying to make them even better and even more alignment. So the reason we start with the promise when we look at this stuff and even from an investor standpoint, you're going to look at each of these individual pieces and say, does it align? Does it align? Are those processes aligning with the promise? Are our customers getting service at the lowest possible level in our organization? So when I say that, I mean if somebody is coming in the door and asking a question, but that service representative can't actually answer it, it has to go back up the chain of command. Then that customer is not being served properly. They're not getting the service that they need. They're not going to come back. Those things need to be dealt with at the lowest level of the organization, and that way you're freeing up the manager managerial time, you're freeing up the ownership time, you're freeing up all that time to look at growth and momentum as opposed to dealing with the stuff that's already should be in a procedural book, manual video, any of those things, so that decisions can always be made at the lowest level. And when we look at that kind of stuff, there are so many procedures. How many of them are in the manager's head or in the owner's head and aren't down and aren't drafted? You can't elevate and delegate to your team if you don't have the structures that allow them to make the decisions they need to make within their job.

**Speaker1:** [00:11:00] Have you ever seen an investor analyze a startup and actually put that as part of the due diligence? Show me your process. Show me your procedures and make that a decision point.

**Speaker2:** [00:11:10] I think, you know, from when I was selling, buying and selling businesses, I think that that's something I always took people through. And I'm absolutely if they didn't, I would say that you'd be uninformed on a decision because you want to know the operational procedures of how that is going to take the customer through. I mean, without any customers and without giving them the best experience, you don't have a viable business. So from that side of things, it's like, okay, how are we going to take them through? What's the path to money? What's the path to money? The path to money is through understanding the promise, having the right product or service, aligning the processes and having the right people, which is the next PPI so that we can actually make it all happen.

**Speaker1:** [00:11:57] Well, let's talk about that next pee. What do you find is the key element in the people equation that you're looking for?

**Speaker2:** [00:12:04] So I subdivide the people into three different categories, and I would suggest any of your investors do the same. One is who is the ideal client? Two is who are the terrific team members, and three who are the outsourced partners and all of the other people that are in the sphere of influence that help the business deliver the promise. You can see how all of these things are always going back to the promise and so many times they don't. And that's where we get disconnects and also maybe opportunities for certain investors who are going to be involved in the business to help that business grow. Right. So when we look at this kind of thing, so who is your ideal client? I'm sure that anybody listening to this podcast now has had the worst ever client down in their past, and they can probably remember that person by their first name and last name, and they have the best. And it's like, Oh, you know, Mr. and Mrs. Smith, worst client ever, never want to see them again. Mr. and Mrs. Smith best client I've ever had. I take tons more of those clients. How are you separating those apart? How are you attracting the best ever? How are you repelling the worst ever? Because it's just as good to repel as it is to attract. We want to focus in on who those best clients are and really understanding them.

**Speaker2:** [00:13:23] And we're doing the same, by the way, for our team members. Who's the best ever team members? Who's the worst ever team members? So when we write our script, when we set the process of hiring somebody new, we're always attracting the best people and we're always repelling the worst. Let them go somewhere else where they belong, as opposed to coming into your organization where they don't. Doing the same with wholesalers, outsource partners, all of those other I own some shoe stores, so I've got a few different businesses, but with the shoe stores it's like we're aligning with the brands and the businesses that are going to provide us with the product that helps us deliver our promise, which is in our shoe stores to provide our customers and when they're leaving the store to make them look great and feel fantastic. So our brands all have to align with that promise. And if they don't, we're disconnecting to our customer and client base and we're disconnecting to our team and we're disconnecting to the wholesaler. So all of those people in that sphere of influence in delivering the promise, it doesn't make sense, it doesn't add up. So we're always trying to connect these linkages and make them even better with our processes.

**Speaker1:** [00:14:32] Great. And then the final P, there is profit and most startups don't have profit. But how would you view that?

**Speaker2:** [00:14:41] Yeah. So what's the path to profit, I guess is, is how I would view it from a startup position. Well you know, so we may not have profit now, but show us the direct path to profit. And so when I look at that, you can use these first four P's as your path to profit. It's the pathway in order to deliver back what you're expecting to see. And the better that structured, the better it's in alignment, the more secure and confident you're going to be. Because, you know, I have this model called the Wheel of Momentum. And, you know, one of the things I talk about a lot is this idea that clarity creates confidence and confidence ignites momentum. So if you're getting clarity through these processes, through the people, through the product, through the promise, you've got clarity on that. Then you're going to have confidence. And as an investor, we want to have confidence in what we're putting our money into. So if I'm feeling confident, I'm seeing the momentum happen and my job then is made a lot less easy because are a lot easier because I have the ability to make a decision based on the confidence of the alignment of all of these things.

**Speaker1:** [00:15:56] Right. Well, that's a great model for investors to use. To analyze startups is very thorough. What's the most important lesson you've learned in putting this together?

**Speaker2:** [00:16:06] Well, I've been in business all my life, Paul, and I'm virtually unemployable, as I say, as a as a lifelong entrepreneur. These are not I mean, these are not words that are big and hard to understand and all of that stuff. I try to. The name of my business is simplifying entrepreneurship, and we're trying to put things in simple frameworks that allow thought to happen so that you can make decisions, so that you can go ahead and do what you need to do. And so I've spent my entire career working around different frameworks like this that make things even simpler for everybody to grasp. And when I look at that kind of stuff, if I can make decisions easier based on a simple program like this, why would I ever want to use something that's a lot more detailed? Because I get my head around what I need to look at. I need to look at the product. I need to look at the process. I need to look at the people. Then I can actually focus my energies and my thoughts around those areas and dig deeper as I need to based on my confidence level. Right. And it's all based. I mean, when you're investing, it's based on confidence.

**Speaker1:** [00:17:16] Great. So what's the common myth about entrepreneurship?

**Speaker2:** [00:17:21] Common myth? Well, I think one of the common myths is that entrepreneurs can live the life that they want to lead and, you know, have a place in Hawaii and ski the next weekend in Vail and drive the Lamborghini and never work. And I think that although what I coach is getting your freedoms back and getting some of your time back and getting some of those things back, that's what I coach to every day. The reality of it is, especially in the startup side of things that those, like we said, those first three years are a little crazy, you know, 50, 60, 70, 90 hours a week. All of that kind of stuff is pretty normal. And a lot of people who say, Oh, you're an entrepreneur, you got it made, don't really see how much work and how much effort and how much stress can be involved on the back side of that stuff. So I think the truth is a lot of entrepreneurs are going through that, but everybody sees it as they've got the good life and they've got a nice house and all this kind of stuff or whatever the case is. But there's a lot more to it than that.

**Speaker1:** [00:18:24] Great. So what online information source do you find most helpful in your work?

**Speaker2:** [00:18:30] So for me, I mean, I'm we're on a podcast here. I listen to a ton of podcasts. I really do. I just love podcasts. I love conversation. I love I have certain favorites for sure. I mean, we could outline them or put them in the show notes, but there's a ton of podcasts out there, some great stuff, good conversations, lots of learning. And I think the big thing with any podcasts or if you're watching the video, I get books behind me and I read a lot and that sort of stuff too. But the big idea behind any of this stuff is kind of got a little framework around this to I call it the entrepreneurial IPA. You can ideate all you want, you can postulate all you want, but there comes a time where you need to activate, right? And as much as we listen to these podcasts, as much as we read books and absorb other information, we can think about it and we can hem and haw and determine things. But until we actually activate and that's the leadership, that's the leader's job, you need to put things in action so that things happen. And that's where a lot of procrastination happens. So pushing through that procrastination into the activation stage is such a key piece on any of that knowledge product.



**Speaker1:** [00:19:43] What's great. Well, if you could start a business tomorrow, aside from the one you're doing now, what business would that be?

**Speaker2:** [00:19:50] I've started a lot of businesses all over my life, bought and sold and built and failed too. So it's one of those things that I'm always thinking about different ways of doing things. And right now, because I'm so sort of in the podcast side of things, I'm seeing a lot of inefficiencies in podcasts and a lot of inefficiencies and some of the ways that we connect in, some of the ways that you can run different systems. So I might entertain actually looking at something around podcasting that's going to make podcasters and guests and all of that sort of thing a lot easier and a lot less, a lot more simple. I'm all about simplicity. It's like, Let's make this easy.

**Speaker1:** [00:20:34] We're about connecting podcasts with guest speakers. Is that what you're thinking about or is it something else?

**Speaker2:** [00:20:40] Well, no, more like there's some good programs there. In fact, we hopped on one called Pod Match, which is a great system and I use it all the time and it's really good. Alex does a great job with it, but more about, okay, now that the interview is done, what do we do now and how do we put that in place and how does it get edited morph down? How does it get broadcast? What are we going to do? How can we use other content around it? What can we do to create blogs off it and create a 15 minute podcast? I host the Simplifying Entrepreneurship Podcast and from that perspective I've got it down to I've had a 50 minute podcast, now I've got an email generated off it, a blog generated off it, the podcast itself and video format and audio format, all of these different things, clips built off it. But my job as the podcast host was to have a 15 minute conversation.

**Speaker1:** [00:21:31] It sounds.

**Speaker2:** [00:21:32] Great. All the other stuff.

**Speaker1:** [00:21:33] As a podcast producer myself, I would really love a tool like that. We have quite a few people doing quite a few steps individually to make it all come together, and it

seems like there are some automation that could make some of that much more efficient. When you get there, let me know. I'll sign up for that.

**Speaker2:** [00:21:49] Sounds great. Well, there we just created a new business. That's how long it takes.

**Speaker1:** [00:21:52] There you go. Well, in the last few minutes that we have here, what else should we cover that we haven't?

**Speaker2:** [00:21:58] Well, whatever you think we didn't dig in to. I mean, from my side of things, we could tell a lot more stories on all the five P's and how they've affected and all that other stuff. But I think we've given our audience here a little idea of a scope of some of these things, and I think that's the important piece as an investor. It's not just about digging into the financials of something and the financials are important piece, there's no doubt. Let's face it. It's an important piece, but it's also understanding some of the soft areas of the business. It's also understanding where their alignments are and where the improvements need to be made, because a lot of investors are also on the board of directors or other areas of involvement within the business itself too. And it's like, where can you be most service to help this business grow so that your investment is going to grow even more? And I think that's the kind of thing that's really interesting when you start looking at some of these other areas in a simple format that you can just kind of do repetitively in any business that you look at, just pull out the five P's and like, okay, I'm putting this down, put them on a spreadsheet, put one sheet for each one of them and jot your notes. And you're going to have a pretty clear framework as to what's green, red and yellow.

**Speaker1:** [00:23:14] That's great. I'd love to see some deal flow platforms that fill that out for you already just to show you what's there in actual currency. It can be tough sometimes looking at startups because there's so many futures on there. I'm constantly trying to separate out what is there now versus what will be there someday in the future. If you don't have that baseline, it's hard to have context in which to base their forecast on. If I don't know where you are today, how will I know? Will you? You will get there tomorrow. And so to have somebody analyze that would be really useful.

**Speaker2:** [00:23:45] I think when we look at this kind of stuff, if they can't answer those questions, then you're wondering about their ability to grow.

**Speaker1:** [00:23:53] Well, I find the challenge is they can't answer it. They just don't want to ask them about the revenue. And they they talk about their forecast. And I came up with the rule of three. My rule of three is if I ask that question three times and I don't get an answer, well then it goes down in the book as a zero. As for your revenue and they talk about their forecasts, as for the revenue, they talk about their forecast again. And and on the third pass, if I can't get to a number, then pretty much the answer is zero at that point. And so I just write that down. So I find that's the most time I spend in start ups is trying to get down to what is really there. But like you said, I really just can't do this forever. At some point we have to move on.

**Speaker2:** [00:24:30] Yeah. And I mean, you can literally send out a framework around this and say, here are five things that I'm interested in. Fill it out so that we can come into the meeting prepared to have a conversation around these, including the whole the financial side. I mean, I didn't touch much on the financial side today because I know you guys talk about that all the time. So it's more the other side of things that we were chatting about today. So you take all your financials and you take this side of things and now you have sort of a little bit more of a full overview of the business that you're looking at.

**Speaker1:** [00:25:04] Absolutely. Well, this is great information. How best for listeners to get back in touch with you?

**Speaker2:** [00:25:09] Yeah. So if you just Google simplifying entrepreneurship, that's the name of my business simplifying entrepreneurship dot com or email me at Pete at Motorcoach that's Mo Co AC and I'm on LinkedIn and Instagram, all that stuff too.

**Speaker1:** [00:25:25] Great. We'll put that in the show notes. Want to thank you for joining us today and hope to have you back for a follow up soon.

**Speaker2:** [00:25:30] Thanks, Hall. It's been a real pleasure. Make it a great day.

**Speaker1:** [00:25:33] You too. Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at investor connect dot org multi. Martin is the director of Investor Connect, which is a 500 1c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by host and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.