

Gordon Henry of Winning on Main Street Podcast and Thryv

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. The 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. Hello. This is Hall Martin with Investor Connect. Today we're here with Gordon Henry, host of Winning on Main Street podcast and chief strategy officer at Thryv. Winning a Main Street podcast is geared towards helping small businesses with tips and knowledge to run their business in today's evolving landscape. Thryv is a secure, easy to use small business management platform that automates tasks and puts your customers at the center of your business. Gordon Thank you for having me on your show and thank you for joining us today.

Speaker2: [00:01:03] Great to be here. Thanks for having me.

Speaker1: [00:01:05] All right. So where does this podcast find you today?

Speaker2: [00:01:08] I'm on Long Island about 2 hours outside of New York City. I moved out here during the pandemic with my wife. And we're way at the east end of Long Island, out by Shelter Island and some of the other beautiful areas out here.

Speaker1: [00:01:21] Are you planning to stay there or move back into town?

Speaker2: [00:01:25] No, we plan to stay here, but that is a long winter up here. So we may try to find someplace to go when it's really cold in the middle of the winter, further south. So that's what we're doing.

Speaker1: [00:01:36] All right. Well, let's talk about your with your background. Can you tell us more about what you've done before and your experiences?

Speaker2: [00:01:43] Sure. Well, I actually started my career in the newspaper business, and when I found myself writing about businesses all the time, I became more interested getting into business and not just being a sort of reporter. I ended up going to business school, was able to go to Wharton back in 89 to 91, and it was a great learning experience. And after that I did an entrepreneurial business venture, which was an early books on tape club, and today you would think of it as podcasts or online listening, but but in those days it was it was physical tapes, which we ended up combining into Columbia House, which was the largest direct marketer of tapes and records back in those days. And we ran a successful business for a number of years and ended up selling it to a competitor. I then was lured into, or I guess I should say, recruited into the Yellow Pages business, and that's when I joined up with a company called Yellow Book CEO Joe Walsh, who I still work with today. 21 years later, Joe was heading up a really disruptive, interesting business, yellow, yellow book, which was really going up against the phone companies competing for small business advertising. And most people thought of Yellow Pages, just the sleepy thing that ended up on their doorstep for free. But of course, it was supported by small business advertising. There's a \$12 billion industry in the United States in its heyday. We were able to compete successfully and grab about 2 billion of the 12, mostly out of the hides of the telephone companies.

We eventually got acquired by British Telecom, the British Yellow Pages, combined with their unit, which was called Yell. And we went public in London as part of the Yale Group. It's a very successful offering and had a great run. I was there till late 2000 as the CMO. I led the company into digital, launched our website, started selling things like search. It was a very exciting time. I went off, as did other members of the management team, after there were changes in the business and management team sort of exited. I ran a digital marketing for a while for a company called Deluxe, and then interestingly, the team that had run Yellow Book got back together to take on a consulting assignment at a company that was then known as BD, which was the former yellow page telephone company publisher. And they had run into kind of tough times and they were looking for a strategy. Joe Walsh, the CEO of Yellow Book, went in as the leader of this group, myself and a number of other executives. And really our recommendation was to pivot the company and move it to building SAS software for small businesses, because we thought in addition to advertising, they needed a way to run their business better. We got hired. We got placed in as their management team. That was 2014. Eight years later, we built a SAS business of over \$200 million of revenue. We also still run the advertising business where we help SBS get found and it's been pretty successful and interesting run.

Speaker1: [00:04:55] Well. So you've had a lot of experience with small business and automation, and I find that that's one of the biggest topics startups bring to me, is how much to automate, when to automate, and all the issues that come with it. There's great promise, but also there's great cost that comes with it as well. What's your take on automating in the startup world or how do you coach startups in that direction?

Speaker2: [00:05:18] Yeah, well, once you have a business that's more than just yourself, so it's not a solopreneur, it's a real business with maybe an employee or two or more truck or two on the road. If you're a service business, you start to find that your client communication becomes difficult to manage. Many of our customers, you know, they started out with sticky notes on the window of and that was their CRM system. And you find that it becomes overwhelming. And many small business people tell me, for example, they'll be out all day working with clients and then they come back at night and they have to do all of the sort of back office work, the estimates, the invoices, the returning phone calls, sending emails. And it's like they have two jobs, the day job and then the night job. And what the CRM system does for you is it really automates that whole process of the client communication. You know, somebody said to me, Well, it's like the personal assistant I want it to have, except for it's better than a personal assistant because it doesn't take vacation, it doesn't ask for a raise, it doesn't sleep late in the morning. You know, the CRM is always working for you. And so I think for businesses, once you have any kind of critical mass of clients, you really need to have a digital system for managing your client. So what does that include? It's a way for customers to book appointments.

It's a way for that information to automatically get logged into your calendar so you're not scribbling it on a piece of paper. It's a way for you to send a confirmation to somebody that, Hey, I'll be at your house tomorrow at 2:00. Please let me know if you can't make it for any reason and give them a way to reply. It's a way to then send estimates and invoices, ultimately to get paid electronically, ask for referrals, and then the whole other side of it is the marketing. And you were referring to things like social, but it's the core way for a business to keep their client communication straight. You know, all the big change in the world, I think, from a business perspective over the past ten, 15 years has been. Pretty much everybody, at least in developed countries, has a smartphone that is super duper powerful and they live on it and they expect you, the business person, to interact with them via that device. They they as a consumer, you

track everything there and they expect the business to interact with you there. And if the small business isn't using that and leveraging that both for their own benefit as well as the consumers, I think they start to become irrelevant. You just can't expect people to be calling you and leaving voicemails and sending paper bills. Ask them to go to the post office. This is just a quick way to fall behind.

Speaker1: [00:08:01] Great. Well, you mentioned CRMs and I know in running my business I had the opportunity to go and look at your use, many of them over the years and they range widely out there. There's the low code, no code versions we've tried, which we had good luck with. Then there were the other ones at the other end of the spectrum where we literally had to program it to do everything. It did nothing for us. We had to go and build every module, every macro, every formula to make it work. And I guess that was maximum flexibility in that case. And then we had others that were super low cost, but they they were pretty limited in what they did all the way up to the the the marquee brand names, which can do everything for you. But it takes quite a bit of effort to get the full benefit out of that system. So how do you approach the CRM decision process for your business? Because there is quite a few choices to make.

Speaker2: [00:08:56] Yeah, yeah, great question. So let me first say this. There are a lot of what I call point solutions out there that do kind of one thing. So maybe it's just a calendar, maybe it's an email marketing tool. Those things sometimes help the small business get started, but quickly they find they have one, two, three, four, five different tools that don't talk to each other and it becomes kind of a cluster. I have my payments over here, invoices over their calendar over here. None of this stuff works together. And the beauty of using something like our system, which is called Thrive, is that it's integrated, number one. So it all does cleanly kind of work together and the information flows and it's also interoperable with the full kind of universe of other tools out there. So we recognize you're not going to use, nor should you use, thrive for everything. Quickbooks is hugely popular. Mailchimp is popular. Many people use things like constant contact. Those all are interoperable, integrate with thrive. And so you can continue to use the popular tool that maybe you love or you rely on, but you can integrate it with the THRIVE system. But at the end of the day, you don't want to be using a lot of different tools that don't work together. And again, I think you quickly find you can outgrow any one of the individual tools in terms of things like cost.

Our product starts at 199 bucks a month, goes up to about 4.99, depending on exactly what you buy. There are certain add ons that are available, but if you're using it right, we have customers all over the map in terms of size from just maybe one employee all the way up to dozens. And we we have found that for most people, it's a money saver and a timesaver. The other word we haven't said so far is support. We really, really believe in support. We know that small business people, for the most part, are not techies didn't get into business because they were techies. And we, from the moment they first talked to us, put them on the phone with an expert who can demonstrate the software to them. We help them during the sale process with the onboarding, where they start to get comfortable with it and learn how to use the pieces of it that are going to be most valuable and then gradually get better. And then finally ongoing support. So a month, two months down the road, you're continuing to feel like, hey, there's somebody who's got my back. It's sort of like having a personal trainer at the gym. So to make sure you're doing the right things.

Speaker1: [00:11:33] Well, you worked with a lot of people in this space with technology. What's the most important lesson you've learned in your experience here?

Speaker2: [00:11:42] Well, it's. It's important just to get started and not be afraid. Many, many small business people, again, for the reasons we already said, are kind of afraid of using technology. They think it's too much for them or it's going to be confusing. It does just get started and doesn't cost you a nickel to get started. Just you can go to a website, thrive, by the way, to drive, drive and get a free demo. So plunge in. That's number one. Number two, at the end of the day, this is going to help you. Know there is a transition going on. Older business people maybe who got started decades ago, maybe didn't automate their business and maybe they haven't either one, they want to sell it to somebody or they're handing it over to a child or next generation. Either way, you're going to have to automate if you want to sell your business. It's going to be much more valuable if it's if it's run in some kind of automated fashion. Nobody wants to buy a business that's manual and depends on relying on you for what's in your head. They and anybody who's coming up, if you had a kid who was going to buy your business or take over your business, obviously, their younger generation, they've grown up with digital. They're going to expect to do that. So I think you've got to get started. I think you do have to kind of accept that this is part of running a business now. And it's it's going to be at the end of the day,

it's going to be easier than you think. Most people are used to using a smartphone now for their own personal lives. They text with their grandkids or whatever. It's not that hard. And at the end of the day, it's going to make what you do easier and it can make your business more valuable.

Speaker1: [00:13:20] And what's the common myth about installing a CRM or a piece of technology for a startup business? What do you find is the myth you're often debunking?

Speaker2: [00:13:28] Well, you use the word install, so I guess that's where I would start. There's nothing to install other than click and download an app just like you would for Facebook or Square. This is all cloud based software. So if you're thinking about the old days when you had to install a system on a server at your physical location, this is this is a cloud based app tool that's built for companies up to about 50 employees. The installation process takes a minute to download it to your phone or your or your computer. And again, most of the training is free and it's extensive and it will help you get started. So I think that's probably a myth. I guess the other myth is that it's going to be really hard to sort of figure it out and make it work for you. And this is something I should dread. And again, I think the support we recognize that is super important. Any company, by the way, that doesn't offer you support for a business application, I would run the other way. I do think you need support if you're unless you're a big enough company where you have an IT department or you have a very technical marketing department, then maybe you can look at more applications or products that do require you to be more self serve. But I think for most small business people, a product that gives you the support that holds your hand, if you will, is really, really useful. And that's something that we. Really believe is a strong suit kind of a differentiator for us.

Speaker1: [00:15:01] What about data ownership? What's your take on that?

Speaker2: [00:15:06] Client owns the data. Full stop. We don't own the data. We house the data. It's in our it's in a system that's sitting up in the cloud, but it's your data. And if you ever left, you take the data with you.

Speaker1: [00:15:21] Okay, great. Well, one on one information source do you find most helpful in your work?

Speaker2: [00:15:28] Yeah, that's an excellent question. So there is a company that I use. I'm now the head of strategy over a thrive and I look at a lot of other companies. We sometimes acquire companies, we partner with companies. We're involved, as you are in sort of investing world. And I rely on a product called Pitchbook. It's Pitchbook. It's a it's a subscription service cloud based, which I find to be a great trove of information about what's going on in our industry and in the world in terms of business and investment opportunities. So that's, I think, a pretty cool company. I also look at Bloomberg's The Seeking Alpha, other sort of investment tools to just again look at industry and things like valuations, M&A opportunities. Those are some of the things I look at. One more I'll mention, it's a little bit specific to our industry, but there's a company called Sastre Sastre. They are big into conferences, events, blog type information about the whole world of software as a service, which we are. And they're really useful if you're looking to kind of get up to speed about anything to do with SAS, including like metrics or who are the big players, so forth.

Speaker1: [00:16:56] Well, in your position, you see a lot of startups and a lot of businesses go through in different areas. And as they always said, the future is here is just not evenly distributed. And so you often in the startup world get to see the future ahead of everybody else. But if you could start a business tomorrow, not the one you're in, but a new one, what would that business be?

Speaker2: [00:17:16] Yeah, that's an interesting question. You know, first I thought you were going to ask me about what we're seeing today in terms of valuation, since I know you're an investment related business and it is quite breathtaking what's happened in the M&A world and the valuation world over the past six months. You know, we're here in the spring of 22 and a lot has changed in six months and valuations have come down. And as an acquirer or an investor, that that does make things potentially more practical or appealing in terms of starting a new business. I think what we're doing helping small businesses, there's there's huge opportunities. I think you always have to look at how companies are changing the way they do things. And so many businesses that used to rely on manual processes are now starting to rely on more automated processes. So whether it's digital marketing, where companies are moving from maybe an old way of marketing to a new way of marketing, upgrading their websites or social media pages, other assets, building these automated tools or acquiring these automated tools to be able to speak with clients and also things like. How did you generate referrals online? How

do you generate reviews online? Those are those are pieces of the puzzle that we and other companies are attempting to help small businesses with. And it is a real big area of growth. So those are some of some of the areas that I'd be looking at.

Speaker1: [00:19:06] Right. Well, we deal with the fundraising world. And what surprises me is that over half the companies come to us actually have the vision of monetizing their data at some point. They're providing a service now. They're going to collect the data, then they're going to monetize it, although very few actually have a plan or a path to how they're going to do that. And of course, I always coach is just start storing your data into clean well structured sets and then later we'll figure that out. But for fundraising purposes, let's get credit for having a data business in addition to a service business because the valuation goes up so much. To your point, I've seen valuations come down by 20, 25, 30% this time over last year because the money is no longer free. We're coming out of the pandemic, the traditional world of real value for real money, and so it's coming back to Earth and which is a good thing. It was hard to justify some of the valuations we saw last year, but going forward it has to be a bit more realistic. But what's your take on converting your business from just a service business into a data business?

Speaker2: [00:20:11] Yeah, you know, you're you're kind of saying the same thing I'm saying in a different way, because if you think about what a business is, and I'm thinking particularly smaller service businesses, guys who are roofers, electricians, lawn care, maybe work on your car, those kinds of businesses, they're really the data to your point, which is a customer database. Who am my clients? What have they bought from me before? How much do they pay? What kind of service did I provide them? There's that which is sitting in your CRM, and if it's not, it's sitting on a piece of paper and it's blowing in the wind because the you left it outside that it's only valuable if it's if it's searchable and retrievable. And then secondly, it's the obviously services you provide. Now you've got some staff, but it's really helpful if the processes you use are also in some way automated. And that can be as simple as documentation where it's written down. Because if I'm going to buy your business, what am I really getting? I'm going to get the process. That's that's a system in a sense, that I can either bring my own workers, use your workers and it's your clients. And so looking at your business and thinking, let's make sure it's it's documented and that it's digitised goes a long way towards creating the value that you're I think that you're that any business owner should ultimately want to realize.

Speaker1: [00:21:40] Well, it used to be you just had a service, but now you can actually monetize data, like you said, with the CRM. But also what I'm finding is some groups come to me and if I look at what they're doing at heart, they could if they wanted to build a marketplace, they can actually take the data and start putting buyers and sellers on one side with the other. If I'm selling contractor services for home repair, I could get five other providers to come on and make bids and provide services and then use the people that are coming to me and take a transaction fee by connecting them with the right person. So again, another another path from just doing a core product or service into doing something at a higher level, which gives you a higher valuation. I had a client once that sold the service and they went out to for an exit and found they were going to get five X their revenue. But someone commented, well, if you were selling your data, you get ten X because that's yet another product and quite a fungible one as well, because you can actually sell that data to many people in many ways and is highly profitable in that sense. So instead of exiting, they actually went back to raise money, to grow the business, to actually have the data analytics into it. So and I think more and more people today are walking in the door thinking that this really needs to be more than just a service, just really needs to have a path to data, to AI and to marketplaces and to other things. Not to say we'll get there with all of it, but it certainly has a potential. What are your thoughts there?

Speaker2: [00:23:11] Well, it's funny the way you describe it. The business that I sort of came out of for many years was was Yellow Pages. And Yellow Pages was essentially a giant database. It was it was a phonebook full of businesses organized in a special way that made it easy for consumers to find who they were looking for. And it really was the the guidebook in between the buyer and the seller. We put buyers and sellers together. Fast forward to today. That printed document is now sitting in our online site, which is Yellow Pages dot com and same thing you can even when you google plumber often the first link or second link that comes up is our yellow pages dot com because it's the biggest trove of data on who are the service providers that you may be looking for and you go to it and you can find it. And it's still a very, very relevant resource today. So any kind of business that can aggregate information about a particular category, sector, what have you is valuable to somebody who's looking to find that information and get there. And while Google is usually the starting place, it's not always the end in place. So there's many different ways to provide that information in a specialized way where you can build a business that's that's data based for sure. So I think it's an excellent point.

Speaker1: [00:24:30] Great. Will you run a great podcast there, winning on Main Street? Can you tell us more about it and why is it so successful?

Speaker2: [00:24:37] Well, thank you very much. You know, I started winning on Main Street now several years ago as a way for us to feature, first of all, service businesses or clients of ours that were doing really interesting things and growing in a way that would maybe inspire or educate other small business owners who always want to hear, Hey, how can I do better? And then we've also evolved into talking to experts, including people like yourself, who can tell them about other things they should be learning. How do I raise money? How do I manage my taxes better? How do I hire and fire better? What are systems I should be using in my business? And so we try to feature each week either a small business person or a person in the small business space who can enlighten and guide small business owners. And you know, we've just gotten really good feedback on it because small business owners are often people who got into business because they love making pizza, they love tinkering with cars, they love putting electrical things together, but they don't necessarily know that much about running a business that's kind of a classic trait of a small business person, is they they didn't get in it for the business side as much as they did for the passion about the craft. And so we try to educate them as much as possible on the business side so they can flourish and succeed.

Speaker1: [00:25:59] Well, great. Well, we have a lot of podcasters that are listening today. Do you have any tips or words of advice for those podcasters based on your experience?

Speaker2: [00:26:07] Yeah, start in 2005. Now, it's a funny thing about podcasting, the way it's exploded for those businesses. You take a Joe Rogan or somebody like that who started way back in the early days, you know, they did get a head start and often, you know, turned out to be a little more successful for those reasons. But if you're starting today, you know, first of all, really figure out your niche. It's a crowded field that really helps to have something very specialized. I don't think you can talk about sort of everything under the sun. Secondly, get get enough of the technical stuff, figure it out. There's plenty of resources so that it sounds good. Looks good. And then I think another thing is just. Figure out a cadence that works for you, but try to be regular, whether it's daily, weekly, monthly, but try to figure out a cadence and be consistent so people can expect it and get used to it. And then you were talking about the guest start to figure out, based on your specialty, who are the kinds of people you want to be

speaking with and then figure out some kind of format that is fun and exciting to you and that maybe you think will appeal to other people. And I guess the last thing I'd say is it takes time. It is not an overnight success. Most of the people in the business who I've spoken to who are successful have been doing it for years and who are just consistent about it. So you've got to be ready for that.

Speaker1: [00:27:40] Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Speaker2: [00:27:46] Well, you know, I love your world of investing in small businesses and entrepreneurs. And I find that really interesting. And, you know, you mention this issue of valuations. We thrive to thrive. I always want to tell people how to spell it is we're a company that's very interested in finding SASS customers. And we we're always on the lookout for companies who are sort of doing something close to what we're doing or maybe related where we could potentially do some kind of transaction that may help us grow. So anybody who's listening who thinks they may have something that may be of interest to us, by all means, get in touch with me. It's Gordon Henry at Thrive or Donna Henry with the dot in the middle at Thrive Dotcom. But as you said, you know, it often ends up the difference between a successful or unsuccessful deal is price. And we're we try to be fair, but. Realistic about what what what we could pay and what's out there. So it'll be interesting to see how things evolve this year. As I said, the SAS valuations and the whole stock market has really changed over the past six months.

Speaker1: [00:28:57] Quite a bit. Well, we'll include your contact details in the show notes. I want to thank you for joining us today and hope to have you back for a follow up soon.

Speaker2: [00:29:04] Okay, Hall, really appreciate it. And thanks very much for having me.

Speaker1: [00:29:11] 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. Paul 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 hall 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.