A FOUNDING LETTER

Why this firm needs to exist.

FROM JOHN KAPLAN, FOUNDER · TEXAS, 2026

Most companies announce themselves with a press release. A press release is written to be skimmed, forgotten, and forgiven. I would rather write you a letter, because a letter is a promise with a signature on it, and I intend for this one to be read back to me, line by line, for as long as this firm exists.

So let me tell you why this business needs to exist. Not why it might be a good business, or why the market timing is favorable, or any of the other things founders say when they are auditioning for capital. Why it needs to exist. That story runs through an essay I wrote years ago, a pool and lawn company that failed at the one thing I named it for, and a question about your financial advisor that I have never heard anyone ask out loud.

What a network is actually worth

Years ago I wrote an essay about the value of networks. The prevailing wisdom, the one they teach in business school, is Metcalfe's Law: the value of a network grows with the square of its users. Add users, and value compounds on its own, like interest.

I did not believe it then and I believe it less now. Connection is not value. If it were, the device that links every person on Earth to every other one would have made this the best-connected era in human history, and I do not think anyone believes that is how it turned out.

What I argued instead was that a network's value depends on four things the equation leaves out: the trust between its members, the number of them, the frequency of their contact, and the quality of the information they exchange. Those four matter because of what they produce. They produce transactions. Real ones. A referral that turns into a customer. An introduction that turns into a partnership. A warning that saves a man from a bad contract. A handshake that turns into the sale of a family business to the foreman who deserves it.

Transactions are the harvest. Everything else is soil conditions. A network that generates no transactions is a stadium full of strangers, and a small one that generates many is a village that works. The value of a network is not how many people are in it. It is what actually moves between them.

Hold that thought, because everything else in this letter depends on it.

The company I named after a problem I could not fix

Some years back I ran a pool and lawn company. I named it Community Home Services, and the name was not a marketing decision. It was a thesis.

I had watched what happened to the American small-business community over my lifetime. The banker who knew your name got replaced by an 800 number. The insurance man who sat in the third pew at church got replaced by a portal. The vendors who serviced Main Street got rolled up, one by one, into national brands whose economics depend on you never speaking to the same person twice. Every one of those relationships used to be a strand in a web, and the web was the point. Trust, frequency of contact, quality of information. The exact variables from my essay, hollowed out of American commercial life one acquisition at a time.

I named the company Community Home Services because I intended it to be a strand in that web. The truck in your driveway would carry a neighbor, not a route number.

Here is the part where I follow a rule I admire in Warren Buffett's letters, which is that you report the failures in the same type size as the wins.

We failed at the stated goal. Not because the thesis was wrong, but because operations ate us alive. Scheduling, routing, callbacks, crews, chemicals, weather, receivables. The daily mechanics of a service business are a furnace, and everything that is not bolted down gets consumed by it. Community was not bolted down. It was an aspiration painted on the side of a truck, and the furnace took it like it takes everything else that lacks a mechanism.

> That failure taught me the most expensive lesson I own: you cannot name your way to a mission. You have to build the machine that produces it.

A community is not a sentiment. It is a transaction pattern. If you want the web back, you do not paint it on a truck. You build the mechanism that produces the transactions.

The bee

There is an old and slightly humbling fact about bumble bees: the bee is not the point of the field. The flowers do the growing. The bee just moves between them, carrying what one flower has and another flower needs, and it takes a little nectar at every stop for its trouble.

But run the field without the bee and see what your harvest looks like.

That is the role I have come to want, and I think it is the most honest description of what this firm does. We do not grow your business. You do. We are not the flower and we have no interest in pretending to be. We move between the flowers. Between you and your CPA, who has fifteen minutes for you in March. Between you and your banker, your attorney, your insurance broker, your payment processor, your payroll company. Between you and, someday, the buyer of your life's work. We carry the thing that almost never moves in the small-business economy, which is high-quality information delivered with high frequency by someone you trust. The four variables. The mechanism, not the slogan.

And like the bee, we take our nectar in the open. More on that below, because how an advisor gets paid is not a footnote. It is the whole question.

The question nobody asks about financial advisors

For a long time I studied financial advisors. Not to become one, but to understand why the model works so well that clients stay for decades and happily pay every quarter.

Strip away the mahogany and the model is five functions. Planning: where are you going and what has to be true to get there. Tax optimization: keeping what you earn. Coordination: quarterbacking the CPA, the attorney, the insurance, so the left hand knows the right hand exists. Rebalancing and selection: adjusting the portfolio as conditions change. Goal-setting and accountability: a standing meeting where someone who knows your situation asks whether you did what you said you would do.

Notice something. The industry's own research bears out what clients intuit: the number on the statement is not really what they are paying for. Kitces Research found in 2024 that advisors attribute 41% of their fee to planning and advisory work rather than to investment management. The statement is the artifact. The relationship is the product.

Now here is the question I have never heard asked out loud.

> For the owners I sit with, the business is worth three or four times whatever is in the investment account. So why does the account get all five functions, on a quarterly cadence, and the business gets none of them?

Nobody plans the business's exit the way an advisor plans a retirement. Nobody optimizes its vendor costs the way an advisor optimizes tax lots. Nobody coordinates the CPA and the attorney and the insurance around the business as an asset. Nobody rebalances it, and I mean that literally: nobody sits down every ninety days, looks at where the money is going, and asks whether it should keep going there. And nobody, nobody, holds the owner accountable to the goals he set for the one asset that will actually determine how his story ends.

The consequences of that vacuum are not hypothetical, and I will only ever cite numbers I can trace. A 2025 study by ideas42 of 300 owners with $1M to $16M in revenue found that 80% believe the right time to start exit planning is "when I feel ready to exit." That is not a character flaw. It is a sequencing error, like deciding you will start training when you feel ready for the marathon. UBS asked 539 former owners who had actually sold: 80% wished they had started preparing earlier, and 81% wished they had spent more time on it.

And then there is the part that should concern every owner reading this. McKinsey's work on the coming ownership transfer warns that as many as 92%of otherwise viable businesses could close rather than sell, for want of a qualified and interested buyer. Read that again, because it is not a story about businesses that were failing. It is a story about good businesses that nobody was ready to hand over. The web I described earlier, hollowing out, one unprepared owner at a time.

The wealthiest households in America get a standing quarterly conversation about their second-largest asset. The people who employ half the country get a tax return in March and a "call me if you need anything."

That is the vacancy. This firm exists to fill it.

What The Equity Anvil is

The Equity Anvil is a Texas advisory firm for owner-operated businesses, and the simplest description I can give you is the one we will be measured against forever: a wealth advisor for your business.

The five functions, translated to the asset that actually matters:

We hold the books. Not because bookkeeping is glamorous but because it is the enabling condition for everything else. You cannot advise on an asset you cannot see. Every score, every valuation, every recommendation we ever make is computed from primary financial data we maintain, not from a questionnaire you filled out from memory. This is our version of an advisor's custody of the statements, and it is the foundation the rest stands on.

We run the quarterly conversation. Every ninety days you get a dated calculation of value with its range and drivers, a reading on where your business, financial, and personal goals stand, and a written list of what happens in the next ninety days, with names and deadlines attached. Understand what this really is. The number is the reason the meeting is on the calendar. The meeting is the product. A brokerage statement is not why a wealth advisor exists either; the standing review is, and no one has ever bothered to build the standing review for the business itself.

We work the cost side like an advisor works tax. Processing, telecom, energy, payroll, and the rest of the vendor spend that creeps upward year after year because no one is watching. Because we sit inside the books every quarter, re-shopping your vendors stops being a one-time project and becomes a permanent discipline.

We coordinate. The bee, formalized. Your CPA, your attorney, your banker, your brokers, working from the same facts for the first time, because someone is finally carrying the information between the flowers.

We keep the evidence. Every quarter of clean books, every documented asset, every process written down, filed and maintained in what we call the Proof Vault, so that whenever the day comes, by choice or by surprise, the proof of what you built is sitting in a drawer instead of scattered across a decade of shoeboxes. The best evidence in the field is blunt about why this matters. When Axial studied 75 dead deals in 2025, adverse diligence findings and earnings discrepancies together accounted for nearly half of every broken letter of intent, and diligence was the single leading reason deals died. Preparation does not primarily buy you a richer exit. It buys you the ability to actually finish one.

What we will not do

A founding letter that only lists intentions is a brochure. So here are the commitments, written where they can be quoted back to me.

We will show you every dollar. Some vendors pay us for placing business with them, and we follow one governing rule: where you can verify the benefit yourself, on your own statement, we keep the vendor payment and show you exactly what it was. Where you cannot verify it, we credit every dollar we receive against your fee. Before the first referral ever happens, you get a signed schedule listing every stream of income attached to your account. The bee takes its nectar in the open, or it is not a bee. It is a tick.

We will never promise you a multiple. Everyone in this industry waves a statistic about how their program lifts valuations. I have gone looking for the primary sources behind those claims, and I will not repeat what I cannot trace. What the evidence does support is what I told you above: preparation buys certainty of closing, not a magic premium. When we have our own closed transactions to report, we will publish our own numbers, methodology and all. Until then, we will not borrow anyone else's.

We will never call our number an appraisal. It is a calculation of value, computed quarterly from your actual books, labeled with its assumptions. Precision about what a thing is happens to be the whole culture of this firm.

We will not sell you a score and call it a service. Scores and dashboards are artifacts. If the meeting where a human being looks you in the eye and asks about your goals ever stops being the center of this business, we will deserve to lose you.

Why "Anvil"

I will close with the name.

An anvil is not the hammer and it is not the smith. It is the third thing, the one nobody writes songs about: the fixed, patient mass that everything of consequence is shaped on. It does not move. It does not flatter. It holds still while the work gets done, absorbs the blows meant for the metal, and it is built so far beyond its daily requirements that it outlasts the smith, and usually his grandchildren.

There is an old saying from the forge: the anvil fears no hammer.

Your equity, the real kind, the kind measured in what your life's work would actually bring on the day you finally let it go, is not found. It is forged. Ninety days at a time, blow by blow, on something solid enough to build against.

> We built the anvil. Bring the work.

J O H N K A P L A N

FOUNDER, THE EQUITY ANVIL · TEXAS, 2026

SOURCES

Kitces Research (2024). ideas42 owner survey (2025, n=300, $1M to $16M revenue). UBS Investor Watch (July 2023, n=539). McKinsey Institute for Economic Mobility, on the US small business ownership transfer. Axial 2025 Dead Deal Report (n=75).

IF ANY OF THAT LANDED

Start where we start with everyone.

A cost review, at no charge. It is the least committal thing we do and the fastest way to find out whether we are right about anything.

Insurance. We flag insurance costs during a cost review. We do not place insurance and we take no placement compensation.

Figures. Any figure on this site marked hypothetical or illustrative is exactly that. Nothing here is a guarantee, projection, or promise of savings, value, or outcome for any particular business. Your numbers are your numbers, which is the entire point of running the review.