Are HealthTech Founders Misjudging Financial Risks? Transcript

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Introduction and episode setup

Most founders know how to talk about traction and selling their big vision. Far fewer know to evaluate risks before quietly draining their time, money, and future options.

In today's episode, John D. Gore, who is an author of three popular books, host of the Make Better Wealth Decisions podcast, and fiduciary advisor to successful families, he breaks down why emotional investing, founder sacrifice, and hype-driven markets are creating dangerous blind spots for healthcare technology founders and startup operators trying to build long-term wealth.

Healthcare entrepreneurs, are you ready to rewrite the rules for your business so you can have more time off, a great team, and more income while creating a positive social impact?

Then you are in the right place. Welcome to The Provider's Edge. I'm your host, Sabrina Rambach. I'm a provider and international peak performance keynote speaker and a best-selling author.

Let's open the gateway to profitability for you today. My guests and I help healthcare entrepreneurs and startup founders like you break through barriers so you can control your business, control you life, and control the future.

This is your defining moment to be a disruptor in healthcare. Hi, John, I'm so excited for you to be here. John De Dewey is the thought leader in the Canadian personal financial space.

Having written three books and hundreds of articles is a trust resource for trending and context in a financial market. Of course, also a fellow podcaster.

Bad advice and hidden investing risks

of the Make Better Wells decision and he acts as a fiduciary advisor to a selected number of successful families. So we're so excited to have you here on the show because we all know financial is one of those things you define Wells in so many different ways.

But once you get into the details, do we actually have the right financial intelligence to make those decisions, whether it's to invest whether is about where we should put our intelligence, our wealth into a certain startup or company or organization that could create our own legacy.

Right. And so these kind of conversation that you deal with every day and then ready to be seen. So excited for you to be here. And so tell us a little bit more about what brought you To this point, what are that story that everybody wanted to actually learn about who you are?

So thank you, Sabrina, it's a pleasure to Be here, and I've got a lot of different stories I can tell. So if you're going to ask me to tell a story open endedly, How about if I do this?

I wrote a book called Stand Up to the Financial Services Industry where I showed how there's evidence that demonstrates that there are people who give advice, who believe things that are simply not true.

And that's a real problem because obviously you go to someone to get advice on the expectation that that person will give you good advice and will understand how things work.

But this research came out nine years ago when it showed that in Canada, at least, there are people who sell mutual funds who do things improperly because they don't seem to know any better.

They chase past performance, they diversify enough, and they run concentrated positions. And they do not pay enough attention to how much products actually cost.

So those are three things that are wrong, demonstrably wrong. Most people listening to this podcast will know that. Yet it seems as though the Canadian mutual fund advisors somehow Haven't internalized that.

And here's where it gets really hairy. These people not only gave that advice which was wrong, which is scary because why are they giving bad advice, but the research showed that they actually did that same sort of thing.

Concentrated positions, chasing past performance, high cost products. with their own accounts and even after they retire. And so the problem is not one of misplaced agency where they're trying to be sneaky and pull the wool over your eyes.

The problem was actually more insidious, more ingrained. It's deeper than that because the problems seems to me that these people actually believe that what they are doing is right even though they want to do the right thing.

They're doing the wrong thing and they don't seem to know any better. So that's a real risk. When we talk about risk with investment, I think Those are the critical things.

How do we even know our debt is diversifying enough? Or are we putting too much money into a couple of pods? Are they having the right trend to actually give us the return on investment?

Some people, especially in our sphere, we're very heavy into healthcare innovation. When you're thinking about investing in those companies, some people go in very early and their risk profile is that if there is a right product, whether they're clinician backed and whatnot, and we really see the back end, right?

We always speak with all the startup we work with, is this even sellable? Right? Let's just not even talk about, can you scale later? Is this is even saleable.

Have you talked to enough people to even demonstrate that? Do you know how to talk to the right people, to help us to feel like this has been de-risked?

right? And then really thinking about the other side, right, and then it's the flip side by the people who are making the investment. Do we even know how to ask those questions?

How to really understand what a performance early stage, mid stage world later stage?

Diversification and portfolio construction

Where do we put our money in? Right? So there's a lot of questions out play. When you are advising people to make those decisions, what are some of the critical things that you always going to add or helping people ask when they're making those financial decisions.

Well, the most important thing is that you have to understand the profile, their risk tolerance and risk capacity of the person you're giving advice to.

So you want to know what's your time horizon? How much can you afford to lose? What's you income? And how much you can afford save on a regular basis when you wanna retire?

Or maybe the money isn't for retirement, maybe your money is to put your children or grandchildren through university or what have you. You wanna know, what is the amount of money you need?

And then you build a portfolio that takes those parameters into account. So what I would say, Sabrina, is it's important that you diversify. To use your example of healthcare, if you want to buy healthcare then sure, buy health care.

And if, you've got a few companies that have a loyalty to, or that, where you know the founders, sure you can put a little bit of your portfolio into that.

But don't go hog wild. Don't around putting you know, 15 or 20% of your portfolio into that sort of thing. Five or 10% sure, but you should be diversifying within and throughout asset classes.

So you're going to have stocks, you going have bonds, You might have some real estate, some commodities, what have you. You'll have domestic investments, foreign investments.

And by having a broad variety of things, there's an old saying in finance that if everything in your Portfolio was going up at the same time, You're probably doing something wrong.

So if you have eight or 10 or 12 different sorts of buckets that you're putting your 10 to 12% of your money into each of those buckets, then it's unlikely that they'll all be going up at the same time.

What you try to do is you to find asset classes that are weekly or negatively correlated. That's a bit of a fancy word that means that some things will zig when other things zag.

And if they're all going up at the same time, that's probably going to be hurting you because if we're going over the. Same time. It means they'll probably all go down at.

The same. Time. But if you've got say 10 investments and most investments go up, so seven or eight or nine of them are going. Up and one or two or three of.

Them are. Going down. That effect is that you have a smoother glide path, and for the most part, you're going to be going up almost all the time, maybe not quite as quickly, but you, A, seldom go down, B, when you go, it's not nearly by as much as it otherwise would be.

So you should be able to have the focus and discipline to keep on going and keep investing and getting to your longer-term goal. Yes, exactly. Also, every single asset also has a different pattern.

For innovation space, for say, sometimes you simply just got into the trend. Healthcare AI is the biggest topic now. Everyone is trying to invest into healthcare AI.

And then the next one is digital Help because that is how do we explore? Access getting people to where they need without having to drive somewhere wait for our before they get seen, right?

so there are trends in the market that we can see okay, then and Predictably next to three to five years, especially I think people also need to understand we invest into a technology company You're not gonna get your money back for the next three two five year at least so the timing of It's not like real estate, right?

There's most of predictable quarterly things that you can see, things can come back to you. So certain investment, you have to be comfortable about putting in there and allow the company to actually grow to a certain stage that they can exit, where you kind of gain some of your equity back.

Having that understanding of how tight your money needed to Maybe investing in innovation is actually that's your legacy builder, right? Those are returns as those things that you can get two three four five times of your money back versus your stock of bonds Those smaller trends and growth right so be okay of what where you put your I think for people to know that market trend, it's also important.

Liquidity, taxes, and timing decisions

What are some other things people often don't talk enough about or as you mentioned there's things that if they think they don' they actually don''t know enough when they're not asking enough to get the right questions.

So I want to touch on something you said a moment ago first and then I'll get into the answer to the question. What you talked about a minute ago is also called liquidity risk.

Sometimes there are products that you might need a year or more before you can get your money out and so What I was talking about a moment ago in terms of suitability, you need to make sure that if you put money into certain investments that are at a startup phase where the founders need the money in order to get to a critical mass before they can have an opportunity to exit, You need know that this is money that you're not going to be able to touch because you want to buy a second home or wherever else.

This is what you've socked away for a purpose But that larger purpose is down the road. And in the meantime, you don't have access to that capital. So you should make sure, absolutely sure that under no circumstances will you need that capitol between now and when you have that access.

That's one example of making sure things make sense. To answer your question of a moment ago, I said, what are things that people don t think about? A lot of people do not think of the tax consequences of what they do.

For instance, we are now into December. And a lot of people in December will do what's called tax loss selling. So that if things have dropped, they can sell them and use the losses associated with the things that have drop to offset gains so that they could minimize their taxes.

Similarly, a lotta people have made a lots of money in 2025. And so, lotta people might say, well, I wanna reposition some of that money and I know that I'm gonna, if I sell any of this money, any these things would have gone up.

I'm going to pay 10th. Well, if that's the case, maybe you should wait until January to sell things that have gone up. So you then defer your taxes until the spring of 2027 when you have to.

Pay taxes on your 2026 capital gains. Again, to summarize, one example is if you're having an investment that has gone down, you might want to solve it in December to use those losses to offset other gains, but if it has.

Gone up, You might wanna sell it. In January. so that you can defer your tax liability for another 14, 15, 16 months before you have to file your return for 2026. So those are the sorts of things that a lot of people, they think about like this investment or they don't like that one.

But you still sell one and or buy the other, but you might want to either accelerate selling one, and you may want defer selling the one depending on whether they've gone up or down.

And then you can still buy whatever you want with the proceeds when you've completed the sale. So that's an example of the sorts of things that people could be thinking about.

If you're going to make better wealth decisions, you have to think about, well, not just do I like this or do not like that, but how does this fit into my overall circumstances?

Maybe you had a really, really good year at work and you made more money in sales or got a bonus and had really high income in 2025. Again, if that's the case, you might want to wait until 2026 to take your profits because you're already going to be in a higher tax bracket in 2025 because your made money on your day job.

So those are the sorts of things that you can think about when you are trying to make better wealth decisions with your investing portfolio. Exactly. It's that timing of tax already thinking about like, where's the loss and where is the gain?

And then what time of the year you should be thinking by cashing them out, or how do you put those money up the game, get back into investing again, right?

So then you continuously to grow the path of income and, and then that will help you to bypass some of those tax

reasons because you're reinvested. So there's a couple different.

things when people think about these reasons of, well, it could be, and if you wanted to take things and you have to plan ahead, maybe other major decisions in life needed to plant ahead as well.

Right. If you're going to. Take a major vacation and that's the money that you going take out for that, right. Then you can apply accordingly and not just like Oh, this sounds great.

I have some time off for spring break, right? Holidays and let's just go. So there's things that we can really think outside of the box just for ourselves.

Also, for many people listening, they are already established leaders. They are also problem solvers. They are the people who see a potential and they wanted to act on it, creating their own innovation.

So technically you are also investing in your own company, right? So that's also another way of thinking about it. You might have all these other asset class diversification, but you also needed to save some to invest in their company.

I wonder if you want to touch base on that in terms of tech businesses or how people really start thinking when they're creating the own companies, they need to be investing own company, how does that work?

If you're starting your own. That's a very niche looking at things and you obviously, you need to get legal support and to make sure that you are prepared to the founders.

I know are quite prepared.

Entrepreneurship, sacrifice, and startup equity

To be poor for a prolonged period and take a modest draw and everything they have is going into their business. And it has to be to use a baseball metaphor.

Usually a strikeout or a home run. There's not a lot in between. You either do very, very well, or you spend a lots of time and energy and money trying to get your product to market, your service to the market to build a brand, to do whatever it is you want to.

And it doesn't always work. So the thing that I would say is entrepreneurship is a wonderful thing. A lot of people are very good at self-selecting. which is to say, some people just know they don't have the constitution.

They don' have what it takes. they just want a day job, a nine to five. And that's fine. Those are the sorts of people who probably should have a 9 to 5 job.

But the people, who say no, I want to build things. I wanna leave a legacy. So for the, people have that mindset, they need to be prepared to make sacrifices along the way to travel, maybe to take fewer vacations and to not eat at fancy restaurants in order to put all they have into the company build oftentimes it's sweat equity in the first three or four years until they can get to critical mass.

And then hopefully they find some people who will help give them some money for the next round of financing to grow to the point where you can be either do an IPO or be taken out by someone else and still make your money by having a business that's worth many, you know, tens of millions of dollars that someone can take out.

So there are ways that you could do it, but I would say the most important thing is you need to think about your lifestyle and whether or not you are prepared to live on a beer budget if you have champagne tastes in the interim until such time that you can actually afford the champagne down the road.

Yeah, I think that's such a great point as we always talk about when individual invest into startup versus they say,

hey, Sabrina, have a gray idea. Can you help me to build it?

There's a fine line into it. It doesn't mean you cannot create your legacy if you're only investing in other technology. You can be part of that board, you can't be a part that co-creation without having to put all your money, energy, almost like doing your full-time job plus this other part- time job, right, vice versa to develop all those things.

So I think it can really create what it means for you for wealth for legacy for power for your family right for that ecosystem you really wanted to create for the community by investing into startups that you trust and backing and creating without having to do all the journey all by yourself or finding the right people to deal with you so having that thought process of what does that mean for an investment right there's investing in so many different levels of your intelligence, your timing, and your time, the resources, right?

As John said, you have to learn how to even get other people to invest in the companies, so there's a lot more to go into it, not just excitement of, oh, I'm an entrepreneur, but sometimes we do see even for people who have been successful exited in white industry, it doesn't always make sense in healthcare or does that always make sense when you start expanding into other industry because the rules are regulations and the support is very different.

So yeah it looks glamorous. A lot of people think the the life of an entrepreneur is glamorous and they say oh wow that sounds wonderful. I can tell you I know a number of entrepreneurs and work very long hours and spend other waking hours thinking about what they can do to expand their clientele or to open up new markets or to improve their products so they can sell more, you know, more whiz bang products that can beat the competition.

But they're not just, hanging up a shingle and saying, look at me, I'm great. I've got to do this wonderful thing. There's a lot of risks and it's worth it for many people, but you can reward are related.

And the reason people who are entrepreneurs are rewarded so handsomely is because they take risks that most ordinary people are not prepared to take. Exactly, and that's why if you think about investing into any type of company and taking equity, why the co-founders have majority of the share, right?

50, 60% of share. And then they opened up 5% or 10% investment equity share because what you're putting in is helping them financially to get to the next milestone, but they have to do all the hard work, unless you are also putting into equity or advising them to help them appropriate.

So there's a different thought process of a reward and give and take. For all of us, really financial decision is thinking about what John mentioned earlier, your lifestyle, how you believe money needed to come to you?

How quickly is that cash flow? And one of the questions that we always ask startups when we help them to fundraise is, what's your money mindset? Right?

Like, how are you deserving of money, spending money? Does the money come easy to do? Have you had an experience when you're growing up? Even for people who had a hardship growing but they learned a different thing and they're not scarcity.

Market valuations and closing advice

So there are all of those coming into play in how we make those decisions that make sense for us as we create our own personal ecosystem, family ecosystem business ecosystem and partnership.

Everybody is working in concurrency collaborative in somehow and not just very independent. As we're wrapping up, what do you think is your biggest device that you wanted to give to our audience.

So here we are at the end of 2025 and the economy has done very, very well. The global economy is doing extremely well and what I would say is be careful.

I wrote a book, it's over my shoulder there called Bull Shift and it came out a few years ago and I'm warning people

against optimism bias. Bull shift is when the financial services industry shifts your attention to make you feel bullish.

And right now, a lot of people are feeling bullish about a lotta things because things have been going very well. And that's usually the way things go in the media.

You know, things very, very go well until at some point they don't. What I am asking people to do, my biggest advice to your listeners, Sabrina, is to say, be careful.

Don't be too complacent. you should be concerned about valuations. So I'll give you a couple of very quick numbers to give an example of what I mean. The U. S.

stock market right now is trading at, there's this thing called CAPE, C-A-P-E. Cyclically Adjusted Price Earnings that a guy by the name of Robert Shiller developed and won a Nobel Prize for in 2013. The CAPe ratio for the S&P 500 right is around 40 and historically it's below 20, which is another way of saying the U S stock is more than twice as expensive today as it has been historically.

So there is a real risk there. I'll give you a second example. You probably know who Warren Buffett is. So, Buffet has something called the Buffette Indicator, which is the market capitalization of an economy divided by the gross domestic product.

And again, the Market Capitalization for the U. S. is usually defined by The Wilshire 5000 Index. The GDP is a matter of public record. And once again, the Buffett ratio for the USA in late 2025 is at around 220%. And again fair is about 100%. So once, again the stock market has gotten way, way ahead of the economy.

And that usually means that the Stock Market has to pull back significantly in order for things to normalize and to get to more traditional levels. I'm not telling you what you should or should not invest in, but I am saying that for stocks in general and for U. S.

stocks, in particular, right now, the market is extremely expensive. And you shouldn't consider that in way that when you make your wealth decisions, it's everyone's different.

Make your own decision. I not tell you want to do, But I tell what to consider before you do it. Yeah, it's definitely, we have to be very much about knowing what to consider, right?

Like knowing the reports and trends so we can make the best decision for ourselves. And also decision in, at the end of the day, is still gamble, Right?

We can't make it the decision today, but all the factors later on in life can change that. But it is okay, like we could always make another decision, another choice and keep moving with our life.

because things will always be punishable if you want it to be. So I appreciate John for sharing your expertise, your knowledge. People go check out John's books and are so excited for you guys to here.

We can't wait to hear from you. How have you been making those financial decisions, whether it's diversifying your portfolio, start thinking about starting a startup company yourself or simply investing in them?

I continue to being here as a support and until next time. Thank you for listening. Remember, the positive change we're seeking starts right here with me and you.

If you're a fan of the show, or if you are just having struggles or success that you either experienced in the past or are experiencing now in healthcare industry, these matter to all of us.

I want to hear from you! Visit sabrinarumbag.com forward slash connect and send me a direct message. Talk soon!