fool. For months I'd been riding high about building a company from nothing and creating millions of dollars in sales through Costco. Now I'd gone and made the ultimate rookie mistake.

If I kept operating the way Darrell had, I wouldn't even be able to break even. Instead of panicking, I rolled up my sleeves and tried to fix it. I cut labor hours, reworked vendor contracts, and examined every inch of the process. In doing so, I discovered something even more troubling: the tubs they'd been building didn't come close to our standard. Instead of using a hundred pounds of raw material to build a strong, durable shell, they were using eighty. That doesn't sound like much of a difference, but in the spa business, it's huge, especially since now those tubs were cracking by the dozen. And the customer complaints were flooding into Costco.

Soon, Costco called to remind me of the warranty arrangement I had made when I bought Darrell's company.

"Dave, we don't care who sold the hot tub. If you want to keep doing business with us, you're going to have to honor the warranty and replace all these cracking hot tubs."

I tried to push back. "Guys, I didn't build these tubs. I didn't sell them. Why should I be the one taking the hit?" But they didn't budge. I owned Darrell's company now, and I had no choice but to honor the warranties.

I started fixing those cheap old tubs, sending my crews out to homes across the country to replace entire tubs for free because of a problem that was never mine in the first place.

That was all happening in 2008, right before the big financial crash. I was burning through cash but still hanging on by a thread. Then the bottom fell out. The 2008 summer promotion with Costco—the same one that had brought in

three thousand spa sales in 2007—came in at less than half the expected orders. Demand collapsed overnight. Suddenly, we had way too many people on payroll and nowhere near enough orders. I had taken on all this risk, extended myself to buy a company that was worse than I'd ever imagined, and now the market was disappearing.

On top of that, I'd just leased a huge building to combine the Texas and Tennessee operations at the same location in my hometown of Elizabethton, TN.

I was in deep, deep trouble and couldn't see a way out.

Looking back now, it's painfully obvious I shouldn't have skipped my due diligence. I should have brought in an outside firm, reviewed all Darrell's numbers, and validated every claim. But I got suckered by a smile and let my ambition get ahead of me. That was the beginning of one of the toughest stretches of my business life.

The worst part was I knew it was my own fault.

Gone

There was no room to pivot as I'd done in the past. One morning I woke up and realized there was nothing left to do but try to survive, in some shape or form. Then something even worse happened. Costco put a hold on two million dollars they owed me from sales. They said they'd heard from vendors that I wasn't paying my bills, and they were concerned about the warranties on Darrell's faulty tubs.

"If you guys hold that two million," I told them, "you will put me out of business. Do you understand that? You're nailing my coffin shut."

My plea fell on deaf ears. They ran through that entire two million within six months, refunding customers for cracked tubs and damaged units I hadn't even built. If they

had just worked with me, we could've solved the problem together, but that wasn't their concern.

After all, they were Costco.

I realized where my real mistake had occurred: I had allowed Costco to account for almost eighty percent of my business. When you let one customer dominate your output that way, you're operating at their whim. They basically own you.

I still had that three-and-a-half-million-dollar loan hanging over me. So, I came up with a plan and brought it to the lending firm. I said, "If you promise you won't take this company away from me"—at that point, the lender had full control—"I'll pay you in full. One hundred percent. I'm not asking for any more money. I just need you to step aside and let me turn the company around, my way."

"What's your timeline?" asked the lender.

"Give me twenty-four months. That's all I need. If I don't pay you back in full by then, you can keep everything I've paid up to that point, and I'll walk away and hand you the keys."

I showed them my plan: I would open a small retail store and sell directly to consumers, with no middlemen or dealers—something that hadn't been done in the spa industry. Then I would add a new store every few months, scaling quickly but smartly. I knew it could work. They said they'd think about it.

When they came back to me on Monday, they said, in effect, "We're not interested. If you want to go start your own thing again, fine, but we're not giving you this company back."

Then they told me who they were bringing in to help them salvage my business. My jaw dropped: Darrell, the guy who'd caused my ruin with his cooked-up paperwork.

He was their new consultant?

To be fair, I understood the optics. They'd given me three and a half million dollars, and within nine months I was facing bankruptcy. But hiring the guy who scammed me as the captain to right the ship seemed utterly insane, not to mention deliberately humiliating.

Before I could even turn around and walk away, the bank executives took one last shot at me. They said they planned to enforce the personal guarantee—meaning they expected me to pay the loan back with my own money. If I didn't, they'd sue me and come after my house and my vehicles. That's when I lost it.

"You won't give me the opportunity to turn this company around—with my own sweat and creativity—but you expect me to honor the personal guarantee? Not gonna happen!"

I stormed out. I was tired of people pushing me around. I wanted my freedom back. I needed to take charge of everything I'd built up to that point, and if that meant losing it all and starting over, so be it. I wasn't going to feel imprisoned by my bad choices ever again.

These guys were threatening to take everything of value I owned—the equity in my house, my paid-off cars, and an RV. Well, they couldn't take it if I gave it up voluntarily.

The next day, I hired a lawyer and filed for personal bankruptcy. I sold every asset I could for the court to distribute. By that time, I'd already sold my prize possession, a Ford GT I'd bought for a hundred sixty grand. (Back when I sold my pool business, I had taken a piece of that money and bought myself the vehicle, which I'd always wanted. It was a collector's car—looked like a Lamborghini.) I ended up selling it just to make payroll for another two weeks. That really hurt.

My house was worth about half a million dollars; they made me sell it and hand over the equity. I had a Mercedes I didn't owe anything on. Gone. My wife (now ex-wife) drove it through a deep puddle one day, seized up the motor, and we filed an insurance claim. That check went straight to the state trustee. I remember that trustee walking down my driveway, looking at all my stuff, and saying how nice it was. I wanted to punch him in the mouth. They auctioned off my RV, my cars, my golf cart, everything I had built over the last decade. It all happened so fast, I wouldn't have had time to squirrel anything away even if I'd wanted to.

When it was time to shut operations down, I gathered my employees together, broke down in front of them, and said, "I'm so sorry but I need to close the doors. You believed in this company. You trusted me. And now I'm letting you down, and I feel terrible." It was one of the hardest things I've ever had to do.

That was in the fall of 2008, right in the middle of the worst financial crisis this country had seen in decades. The collapse, if you recall, struck like a nuclear bomb. It didn't just hit Wall Street and the big banks, it hit everything. The housing market imploded, credit markets froze, and consumer spending plummeted. That year alone, over 1.8 million Americans filed for bankruptcy, and hundreds of thousands of small businesses shut their doors for good. It was a bloodbath, especially for people like me, entrepreneurs who didn't have safety nets or investors to cushion the fall. In the span of a few months, financing dried up and lenders stopped taking calls. Customers pulled back their spending or disappeared entirely.

So when I filed for personal bankruptcy that year, I knew I wasn't alone, but it still felt like failure. The bank-