

## **How to create value in your Business to sell at the top**

### **People, having a Management Team and Employees that “own” the Business. Committed, dedicated and working as a Team.**

A properly trained and widely knowledgeable management team is desirable for any company. A truly valuable team is deep and the knowledge of the business does not reside with any one individual. It is important to honestly assess the strength of your management team.

Are you able to leave the business for extended periods of time and feel comfortable that the business will run as efficiently or even better than if you were there? If not, start building a deeper management team through training, improved corporate alignment and, if needed, hiring. It may impact profitability in the short term but it will more than make up for it by creating future value. On top of that, wouldn't it be nice to take an extended vacation with that peace of mind?

### **Procedures, no matter how small have operational and organizational procedures in place. An ERP/MRP system will help you streamline and lift operational profits.**

Create seamless processes and routines. Savvy buyers understand that in some businesses, the most valuable asset is the seller. As the seller, your job is to convince buyers that they can continue to successfully operate the business after you leave the scene. The way to do that is by developing airtight processes and routines that enable the company to function effectively without your direct involvement. Make sure these processes are also documented so the new owner essentially has a guide to running the business successfully.

### **Products or Services:**

Differentiate your product or services. The more your product and services are top of the line, the more attracted buyers are. Make sure that innovation is part of your spirit in the company, and staying ahead of the curve pays great dividend. If you own patents, make sure to state if they are personal or part of the company value.

### **Profits, consistent and growing**

Build your bottom line, ABC analyze your profits and customer concentration and eliminate non profitable customers and products / services and focus and grow your bread winners.

### **Performance, have a KPI program in place to demonstrate performance.**

Follow your strategic / Business plan and develop a KPI (Key performance indicators) system that lets your Management Team track its progresses.

### **Planning:**

Quality businesses have a well-thought-out and documented strategic plan. A written plan gives any outside party (be it a bank, investor or potential buyer) the confidence that a business owner knows where a business is going and how it is getting there. If your business doesn't have a strategic plan, make one.

### **Transactional:**

Consider, Seller – financing or SBA approval for financial buyers, cashing out 100% at the time of closing will not maximize your value as the Buyer assumes all risk. If you are forced or want it all cash, offer an extended transformation period. However, cash out with strategic buyers who assume all control early on.

Agree to an earn-out only if you can keep a share of the company and a position that lets you control your destiny.