

BUILDING PROSPERITY

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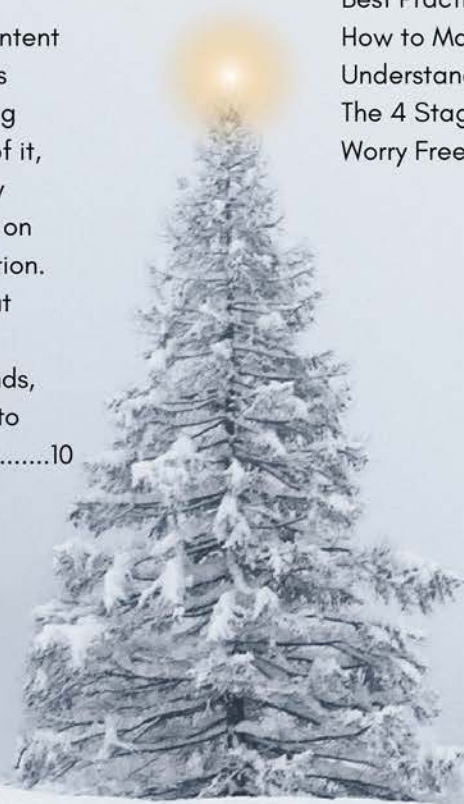
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When asked why they won't work with an advisor, a business owner will sometimes say "I can do it on my own." In this video, John Warrillow provides an owner with the reasons why they should seek out an advisor like Prosperity Plus, a certified ValueBuilder.

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 Certified **Value**Builder™



HEY JIM,

YOUR THOUGHTS ABOUT 2023 AND THE YEAR AHEAD?

The business systems industry experienced yet another year of transformation in 2023, characterized by a back-to-business approach, advances in technology and an ongoing wave of mergers and acquisitions (M&A). As we bid farewell to the past year, it's important to reflect on the significant events that shaped the industry landscape and anticipate what lies ahead in 2024.

Back-to-Business

For many of us, 2023 felt like a return to the business world of 2019. While many aspects of life as we knew it before COVID will never come back, we did get a sense of normalcy in 2023. Sales reps are now able to visit customers without much pushback, and many are back to cold calling in person. For many vertical markets, print volumes have returned to pre-pandemic levels and investment in new systems and lease upgrades are moving forward. The majority of the supply chain issues are behind us, so dealerships are able to deliver most products as quickly as they did in the past.

One aspect of the business that has not rebounded as well is finding and hiring employees. This is still a significant challenge for most. Dealerships have had to get creative with how they locate, recruit, compensate and work with new employees. In today's market, a strong company culture is often the factor that spurs the most success. The right culture not only keeps employees around for the long haul, but it also acts as a magnet pulling in new employees. For many of the dealerships that succeeded in 2023, I witnessed an increased focus on company culture and their overall processes.

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Jim Kahrs
President
Prosperity Plus

2023 AND THE YEAR AHEAD

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Technological Advances

The integration of smart technologies made a very big leap in 2023. Artificial Intelligence (AI) and machine learning algorithms have been harnessed to create more intuitive and efficient devices. Smart systems can automate document processing, recognize content, and optimize workflows, contributing to increased productivity for businesses. Augmented Reality (AR) is emerging as a tool for remote troubleshooting and maintenance. With it, technicians may guide users through procedures using AR interfaces, minimizing downtime, and reducing the need for on-site visits. This will help drive service productivity and profitability in the future. I expect we will see continued evolution of AI and AR at a rapid pace in the industry. Those who embrace and learn them early will be the winners with these all-important advances.

Remote Work and Hybrid Solutions

Remote work models continued to evolve in 2023 and are not likely to go away any time soon. This increased the need for devices that seamlessly integrated with cloud-based document management systems and facilitating remote printing, scanning, and collaboration. Security features also took on a bigger role as the industry continues to address heightened concerns associated with remote work. Encryption, secure authentication protocols, and regular software updates became standard features, ensuring the protection of sensitive information in a decentralized work environment. Dealerships with strong IT capabilities were able to capture additional revenue in this area.

Mergers and Acquisitions

M&A continued to be a big part of the scene in 2023. The volume of business sales we saw and participated in was on par with 2022. The speed with which many deals were done slowed up from year to year. What used to take six months in earlier years seemed to take nine months or more in 2023.

While I don't have a definitive explanation for the slower pace, I feel it is tied to a more conservative approach driven by overall concerns about the economy.

Going into the 2023 I expected interest rates to have a negative impact on M&A activity and transactions but was surprised to see that they didn't. In fact, higher interest rates increased the willingness of some sellers to take sellers' held notes for part of the purchase price. The idea of earning 8% interest on a note seemed like a safe way to add value to a transaction. While buyers are having to pay higher interest when borrowing money for acquisitions, the tradeoff of being able to hold their cash was worth the interest costs. This is especially true for those who have an eye toward a future sale of the business as the interest paid for acquisitions will not hurt their future value. As a standard practice, interest is added back to the profitability of the business when calculating EBITDA (earnings before interest, taxes, depreciation, and amortization). So, while there is a direct cost to paying interest, it does not deteriorate business value.

What to Watch in 2024

Elevated Focus on Cybersecurity.

Unless you've been living under a rock, you've seen how cybersecurity has become a major factor in the industry. The number of cyber attacks has risen steadily and dealerships in our industry are not immune to this. With the increasing digitization of documents and the interconnected nature of our devices, cybersecurity will be a top priority. Strong security procedures and practices along with robust data backup processes provide vital insulation against potentially crippling cyber attacks. Just imagine how you would operate if an attack took down your system and you had no way of restoring it.

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2023 AND THE YEAR AHEAD

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On the product side, I expect manufacturers to continue investing in advanced security features, robust encryption protocols, and regular software updates to safeguard against cyber threats. The industry will work towards providing comprehensive security solutions that instill confidence in businesses relying on your systems for sensitive document processing. One area to review is your cyber insurance. A single cyber event with a customer that is tied to your systems, or your technicians can cost a dealership tens or hundreds of thousands of dollars. I have seen dealerships that are either not insured or are under insured in this area. Get with your insurance broker and make sure you are covered.

Rapid Evolution of Subscription Models

The copy print industry has had a subscription like model for many years. Service contracts that are bundled into a monthly lease payment act much like the subscription model. However, these leases have expiration dates. The lease expiration opens the door for the customer to shop around for a new solution. A true subscription model is an ongoing, open-ended agreement. It is rare for a customer to challenge the relationship and make a change. Look at your subscriptions for things like Office 365 or VoIP phone systems. For these solutions, you make a monthly payment by credit card and don't likely give it a second thought. Unless something goes wrong, you will never make a change. The trend towards subscription-based models will gain further momentum in 2024. As an industry, we need to embrace this trend and work toward aligning our business model with it. Aside from locking customers in for the long term, this strategy will likely lead to increased business value as subscription-based businesses trade at higher multiples when sold.

Emphasis on Sustainability

Sustainability will remain a prominent theme going forward. Our paper-based print solutions will be a target for those looking to create a more sustainable business environment.

We need to make sustainability part of our everyday talk track. Sustainability initiatives like eco-friendly design and manufacturing, energy efficiency, sustainable packaging, carbon neutrality and paperless solutions can be leveraged to show a commitment to sustainability. I suggest that they should be a very visible part of your presentations and proposals.

Advancements in Intelligent Technologies

The relentless pace of technological innovation will persist in 2024, with a focus on making devices even smarter and more capable. AI and machine learning will continue their evolution toward enhancing document processing, automation, and user experience. I expect devices will become increasingly intuitive, capable of adapting to specific user preferences and business requirements. Cloud integration will also continue its push forward. As businesses continue to embrace hybrid work models, devices will need to seamlessly connect with cloud-based document management systems. Enhanced collaboration features, secure cloud printing, and simplified integration with popular cloud platforms will be critical for meeting the evolving needs of remote and flexible workplaces.

Continued M&A Activity

I expect the M&A landscape to remain active. Larger dealerships will pursue strategic acquisitions to strengthen their market positions, acquire diversification technologies, and expand their footprint. These acquisitions will allow the strong to get stronger. If you are looking to grow revenue and profitability, the right acquisition can make all the difference in the world.

As we embark on 2024, our industry stands at the intersection of technological innovation, sustainability, and strategic evolution. The future is bright for those who have a strong plan and execute that plan. Success will require embracing new technologies, adjusting to changing market conditions and keeping an eye toward the future. I wish you all prosperity and success for the year ahead.

THERE COULD BE BIG TREASURE FOR YOU IN EMPLOYEE RETENTION CREDIT

**YOU MAY BE LEAVING TENS OR HUNDREDS OF
THOUSANDS OF DOLLARS ON THE TABLE.
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WE'VE HELPED MORE THAN 50 OF THEM OPEN UP
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WHAT IS MONEY?

written by L. RON HUBBARD

SO YOU THINK YOUR INCOME SHOULD BE HIGHER.

So you wonder why you aren't paid better.

In order to successfully solve these riddles it is necessary to know something about MONEY.

Basically *money* is "an idea backed by confidence."

The idea is that the exchange of goods or services kind for kind is too clumsy. To carry your dozen eggs all over town until you find someone who has bread he will change for your eggs so you can have bread is too clumsy. That is called a "barter (trading) system" and is used in primitive tribes. To solve this, men get the idea of making metal or slips of paper represent the eggs and the bread. Thus you don't need to look all over town. Anyone will buy your eggs that wants eggs and give you money and anyone who has bread will accept money for it. Like: one money particle is worth five loaves of bread or one dozen eggs or two hours of manual labor or one booklet or a square inch of land or-or-or.

Confidence comes in that the money particle (piece of metal or paper or some such symbol) WILL be further accepted after you have accepted it for your eggs. This extends to confidence in the country that issued the coin or the paper.

As metal has other uses – gold, silver, copper, bronze – it is more likely to have confidence placed in it as the country could go broke and one would still have his metal. With paper one has to have more confidence in the country.

So MONEY is only something that can be exchanged confidently for goods or services. It is a symbol which represents value in terms of goods or services.

When money is paid out without buying value (as in welfare handouts or war materials or bad stocks or just a promise with no backing) it itself gets into trouble. It begins to buy less because it no longer represents production or services or value.



SO YOU'VE BUILT A SUCCESSFUL BUSINESS.

READY FOR THE NEXT PHASE?

Change isn't only inevitable. It's necessary. Having the right support makes all the difference. Prosperity Plus is the most respected M&A firm in the industry with more than 20 years of success in helping dealerships achieve their goals.

- Expand your business with successful acquisitions
- Create a succession/exit plan
- Get a true market valuation for your business

CONTACT US TODAY

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WHY



YOU NEED MORE VIDEO CONTENT IN YOUR MARKETING

VIEW THE WEBCAST ON DEMAND

Have you noticed how quickly video content has taken over the communication lines among businesses today? As a branding tactic, you really can't beat the value of it, particularly when you consider just how effective it is in getting your prospects on the right journey toward your organization. They may or may not be aware of it, but prospects are seeking meaningful interactions and connections with brands, and today, video is the hot tool to use to give them that experience

There are several reasons why more prospects watch videos today, and these trends are likely to continue in the future. For that we go to the next page.



WHY

YOU NEED MORE VIDEO CONTENT IN YOUR MARKETING

Increased Accessibility: High-speed internet access and the proliferation of smartphones and tablets have made video content easily accessible to a broader audience. People can watch videos on their devices from virtually anywhere.

Visual Appeal: Videos are inherently more engaging and visually appealing than text-based content. They combine audio, visuals, and often, motion, which captures and holds the viewer's attention more effectively.

Informational Value: Video is an efficient medium for conveying complex information or demonstrating products and services. Prospects often prefer watching videos to understand a concept or learn how something works.

Convenience: Videos can be consumed passively, which makes them convenient for busy individuals. Prospects can watch videos while multitasking or during short breaks.

Human Connection: Videos allow businesses to establish a human connection with their audience. Seeing and hearing real people in videos can create a sense of trust and authenticity.

Storytelling: Videos are a powerful tool for storytelling. Businesses can use narratives and visual elements to create emotional connections with prospects, which can lead to stronger engagement.

Social Media Integration: Social media platforms prioritize video content in their algorithms. As a result, videos tend to receive more visibility and engagement, encouraging businesses to create more video content to reach their audiences.

Search Engine Optimization (SEO): Video content can improve a website's SEO.

Search engines like Google often display videos in search results, increasing the likelihood of attracting organic traffic.

Mobile-Friendly: With the increasing use of mobile devices, video content is designed to be mobile-friendly, with responsive layouts and adaptive streaming, ensuring a seamless viewing experience.

Live Streaming: The popularity of live streaming on platforms like Facebook, Instagram, and YouTube allows businesses to interact with prospects in real time, answering questions and building relationships.

Short-Form Content: Short-form video content, such as TikTok and Instagram Reels, has gained popularity. These bite-sized videos cater to shorter attention spans and are easily shareable.

User-Generated Content: Many businesses encourage customers to create video reviews, testimonials, and user-generated content, which can be more persuasive and relatable than branded content.

Entertainment Value: Entertainment-focused videos, including humor, storytelling, and creative content, tend to go viral and reach a broader audience.

Education and Tutorials: Educational videos, tutorials, and how-to guides are in high demand. Prospects often search for videos to learn new skills or solve problems.

Virtual Events: With the rise of virtual events, webinars, and conferences, more prospects are engaging with video-based events to gain industry insights and network.

SEMINAR SERIES



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Worry-Free Webinars

Stages of a Business Sale

Understanding Your
Financial Statements

Successful Sales Programs

8 Value Drivers

Incentive Plans for Admin &
Service Personnel

Cash Flow Management

Exit Strategies

Tax Planning Prep

How to Increase Production

Budget Planning

