

8 Things That Drive Business Value



In This Seminar

- Introductions
- Today's Business & M/A Climate
(and what you said when we asked)
- Advance Planning
- The 8 Drivers of Business Value
- Your Next Steps
- Questions

Jim Kahrs

- 36+ Years in Business Systems
- Started Prosperity Plus in 2001
- Achieve Your Goals by Improving Profit, Cash Flow & Growth
- M&A, Valuations, Succession Planning
 - More than 300 individual transactions
- Marketing Programs
- Consulting based on Experience + highly successful Hubbard® Management System & Value Builder System®



NOW YOU CAN KNOW WHAT YOUR BUSINESS IS REALLY WORTH.

- A STEP-BY-STEP PROCESS TO SEE WHAT DRIVES BUSINESS VALUE
- VIEW YOUR BUSINESS THROUGH THE EYES OF AN ACQUIRER
- ADDRESS AREAS THAT INFLUENCE A PREMIUM OFFER
- KNOW WHAT TO DO NOW BEFORE YOU SELL
- GUIDED BY A CERTIFIED VALUE BUILDER ADVISOR AND INDUSTRY EXPERT

MORE INFO AT PROSPERITYPLUS.COM



The **Value** Builder System™

- Designed by int'l best-selling author John Warrillow
- Begins with PREScore & ValueBuilder score
- Built around 8 key value drivers
- Proven path to greater value, sellability
- Data gained from > 55,000 companies



Today's Climate

- COVID – Finally in the rear view mirror
- New Uncertainties
 - Inflation
 - Banking stability
 - Upcoming elections
- Interest Rates – Prime at 8.25%
- M&A activity is still going strong



Advance Planning

- Getting where you want to go requires a plan
- Successful strategies are planned & implemented years in advance
- Understanding value drivers helps set your course & direction

So, Let's Get to the Value Drivers



The Value Drivers

- Significant impact on value, sellability
- Most require time to address/improve
- Time may be your best friend, or worst enemy
- View your business through the eyes of a potential acquirer
- We focus on **8 key drivers...**

Financial Performance

- History of producing revenue & profit + professionalism of your record keeping
- Track record of growth
- Track record of profitability
- Owner add backs expected, but have to be proven
- Overall structure, accuracy of your books

Growth Potential

- Likelihood of future growth, what rate
- Track record is best indicator
- Structure & results of sales team
- Lease portfolio
- Markets served

Switzerland Structure

- Your dependency on a few employees, customers or suppliers
- Who produces the revenue? Vulnerability?
- How much business is with a few or just one customer?
- Vendor relationships?
- Achieving quotas?

Valuation Teeter Totter

- Whether or not your business is a cash drain or cash generator
- Cash is king!
- Using credit lines for operating expenses?
- What debt do you currently service?
- Putting cash away?

Recurring Revenue

- Proportion & quality of automatic, annuity-based revenue
- Service revenue must be treated as senior revenue system
- Is it locked in?
- Profitable recurring revenue is critical
- Ensure your contracts are written correctly

Monopoly Control

- How well differentiated your business is vs. competition
- This has been a “me too” industry
- Differentiation must be created locally
- Leads to higher margins

Customer Satisfaction

- How likely are customers to repurchase from you & refer you to others?
- How do you prove you that you have satisfied customers?
- Customer satisfaction must be translated to documented actions, not just lip service
- Also applies to employees, vendors

Hub & Spoke

- How would your business do without you?
- Do you have leaders & managers who can ensure continuity?
- Could you take a three-month vacation?
- How long will you need to remain on board with a buyer after an acquisition?

Summary

- Certain areas of the business are more important than others
- Improving these areas increases value
- Also increases sellability
- Side of effect of working on these 8 drivers
 - a well-run, profitable business with all succession options available

NEED HELP?

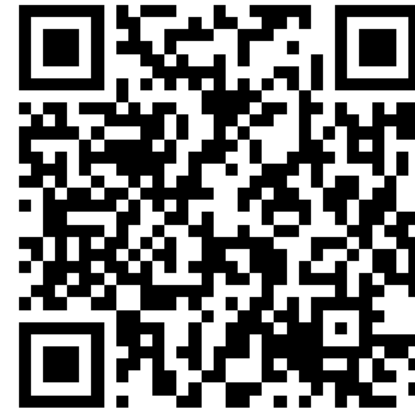
DETERMINE YOUR
READINESS TO EXIT
GET YOUR PRESORE.



SEE HOW YOUR
BUSINESS SCORES
GET YOUR VALUEBUILDER
SCORE.



START YOUR EXIT PLAN
DO OUR EXIT STRATEGY
PLANNING PROGRAM





NEXT WEBCAST

Incentive Plans for Service & Admin Staff

by Jim Kahrs

AUG 28 - 29

IBPI Connect
Boston

AUG 30 - 31

BTA National Conference
Boston



Questions?

THANKS FOR WATCHING

Be Sure to Respond to Survey

JKAHRS@PROSPERITYPLUS.COM

631.382.7762