

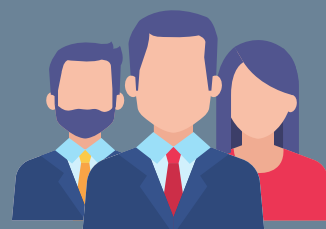
# HOW TO INCREASE BUSINESS VALUE



In this infographic, we explore the most common Value Drivers that will help your business owner clients increase value in their business before they go to market. A company with strong Value Drivers can demand a higher multiple on the same amount of EBITDA than a company with average Value Drivers. Value Drivers are specific business characteristics that drive growth.

## 1 NEXT-LEVEL MANAGEMENT

The management team your clients start to build today will be the team overseeing the growth of the business and in the other areas that drive value for the business.



## 2 OPERATING SYSTEMS DEMONSTRATED TO INCREASE CASH FLOW SUSTAINABILITY

The establishment and documentation of standard business procedures and systems demonstrate to potential buyers that a business can maintain profitability after the sale and after the original owner leaves.

## 3 DEMONSTRATED SCALABILITY

Could your client's company improve its profit margins if it increased its revenue? This could be more difficult for certain businesses but not impossible. Brainstorm with your owner clients on potential avenues.



## 4 DIVERSIFIED CUSTOMER BASE

Potential buyers typically look for a customer base in which no single client accounts for more than 10% of total sales. The company could be considered a high-risk investment if the top customers generate more than 40% of the company's revenue.

## 5 PROVEN GROWTH STRATEGY

Developing a growth strategy helps attract potential buyers. A growth strategy could consist of the development of new product lines or augmenting existing ones, market plans, or growth through the acquisition of other companies.



## 6 RECURRING REVENUE THAT IS SUSTAINABLE AND RESISTANT TO COMMODITIZATION

Sustainable recurring revenue is a highly valued driver for any buyer. Having pricing margins resistant to commoditization is another significant opportunity for business owners.

## 7 GOOD AND IMPROVING CASH FLOW

Help your business owner clients think of creative ways to improve cash flow in their business today. Simply offer ways to operate the business more efficiently by increasing productivity and decreasing costs.



## 8 COMPETITIVE ADVANTAGE

Competitive advantage is the product or service that a company offers that is better or cheaper than its competitor. Find out why your client's customers buy from them instead of their competitors and publicize this.

## 9 FINANCIAL FORESIGHT AND CONTROLS

Many companies lack reliable financial reporting to the extent that buyers can't determine what the company has or track the source of its revenue. Make sure your client's financial reporting is in order so you can help them build business value.

