



UNDERSTAND YOUR COMPANY'S VALUE

Is Your Business Valuable?

Let's start by defining business value, more specifically **transferable value**, what a buyer will actually pay. Think of it this way: What would happen if you left your business for three months with absolutely no way to communicate? If you get back and the business is humming along well, even thriving, you are likely on your way to significant transferable value.

But if sales didn't happen, if bills were not paid, if your products or services were not delivered, and if key employees quit – because you were not there – you probably don't have much transferable value.

Perhaps these extremes don't apply to you, but the reality is that most businesses have a long way to go to optimize transferable value. A buyer wants YOU to have things running well.



What Drives Transferable Value?

The list on the next page is not necessarily in priority order, but these are all important issues that need to be addressed if you are serious about a sale for the price you want/need.

As you work on growth, succession, and exit, develop a plan that addresses these drivers of transferable value, and **start working the plan now.**

Improve your transferable value to reap the rewards:

- ➡ Your revenue will improve immediately.
- ➡ You will feel better and enjoy the business.
- ➡ Your value will start to grow quickly.
- ➡ You will improve the odds of selling when and how YOU want.

Developed by David Shavzin, CMC in partnership with JaneGentry & Company

YOUR TRANSFERABLE VALUE SCORE

Answer yes or no for each question, then add all the 'yes' responses - Grade yourself objectively!

		YES	NO
1	Are you irrelevant to your business? Dependence on you for success limits Transferable Value to a buyer. A buyer does not want to see all of the knowledge and relationships walk out the door. If that's the case, they will pay you a lot less than you want. You need to raise your business like a child, preparing it to live life on its own... without you.	<input type="checkbox"/>	<input type="checkbox"/>
2	Is a majority of your revenue sustainable and/or recurring? Buyers don't want the risk of revenue dropping the day after they buy your company.	<input type="checkbox"/>	<input type="checkbox"/>
3	Are all of your business processes written down, understood by your team, and followed? Repeatable, consistent operating systems drive the customer experience and sustainable cash flow.	<input type="checkbox"/>	<input type="checkbox"/>
4	Is there something truly different about your company and your intellectual property? If not, it's time to find it! Sustainable, Competitive Advantage is very valuable. Don't be a commodity and don't describe your competitive advantage as "great customer service"!	<input type="checkbox"/>	<input type="checkbox"/>
5	Are you at least as profitable as your competitors? Do you have accurate accounting and meaningful reporting (data)? These basics are very often lacking. You need to understand your business and be more attractive than your competitors.	<input type="checkbox"/>	<input type="checkbox"/>
6	Are your senior staff trained, engaged and part of your strategy? If you sell and leave, the buyer is counting on them to run the company. Are they capable without you?	<input type="checkbox"/>	<input type="checkbox"/>
7	Can you scale up when the "big one" comes in? Are you ready to take on a new customer who adds 50% to your revenue? 100%? Or will that be a disaster? If you can't scale, a buyer will pay less.	<input type="checkbox"/>	<input type="checkbox"/>
8	Do three customers represent 80% or more of your revenue? A diversified customer base minimizes risk for a buyer. If your revenue is too concentrated, a buyer will pay less.	<input type="checkbox"/>	<input type="checkbox"/>
9	Do you ask your customers about their experience with your products, services, and staff? Most owners delude themselves into thinking all is well.	<input type="checkbox"/>	<input type="checkbox"/>
10	Do you have a written growth plan? You need this while you own the company and an updated version for a buyer can show them a path for growth once they buy the company.	<input type="checkbox"/>	<input type="checkbox"/>
11	Do you have a technology infrastructure that keeps you efficient and ahead of the competition? It's moving fast and a buyer is going to calculate what they would have to invest to bring the company up to date.	<input type="checkbox"/>	<input type="checkbox"/>
9-11	Impressive - your business likely has high transferable value	'YES' TOTAL <input type="text"/>	
7-8	Almost - there's work to do to ensure your business is in the optimal position		
4-6	Time to reevaluate - push out your sale date or lower your expectations		
1-3	The value is not there - you may not even sell, whatever the price		

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