



strategic focus for companies big & small

Key Considerations for Building and Improving the Value of Your Business

Whether you're starting or currently running a business, it is important to take steps to build value into your business operations. If you want to get top dollar for your business when it comes time to sell, consider every major decision and how it will add value to your company's exit plan. To get you started, I have provided some food for thought.

Key considerations for building value in your business.

- **Have a clear mission and vision for your company.** If you don't know why your business exists or where it's going, it is hard to create value.
- **Leverage business strengths to create a unique competitive advantage.** Determine what you do best and build upon those strengths to develop your unique selling proposition.
- **Create a strong brand identity.** Companies with strong brand identities serving niche industries tend to be more valuable than companies serving a broad target market.
- **Build customer concentration while diversifying your customer base.** Build market share within a diversified customer base. In other words, don't put all your eggs in one basket. Don't allow a single customer to control a significant portion of your sales.
- **Develop systems and standard operating procedures.** By developing operating systems and implementing them through documented procedures, you will improve the overall performance of your business.
- **Build competitive barriers to entry.** Obtaining exclusive rights, trademarks and patents to products and services will add a higher price to your business.
- **Develop a capable management team.** Your business should be able to run smoothly without your presence.
- **Create a plan for financial returns**
 - **Keep detailed books.** Bring in the professionals and ensure your business financials are audited.
 - **Build a solid performance history over time.** Consistently increasing revenues year over year make for a great growth story.

- **Develop recurring revenue streams.** Products or services that are needed on a regular basis rather than a one-time occurrence have a greater impact on long-term revenues.
 - **Consistently improve cash flow.** Cash flow is the main measurement for company valuation when it comes time to sell your business.
 - **Keep debt low.** This is one of the most effective ways to build value.
 - **Focus on the bottom line.** Are all products and services profitable?
- **Plan for the future.** Have an annual operating plan that guides your future growth, leaving nothing to chance.