

Increasing the Value of your Business

Will your company continue to make money when you're gone? It's a humbling question, but one that all business owners need to ask themselves. One day you will face the challenge of leaving your business and if you plan on selling it, the answer to this question must be yes.



The demand of owning and managing a business forces many entrepreneurs to be profit-driven. Certainly, profits are important, but value isn't built on them alone. This helps explain why every year thousands of lucrative businesses either sell at a fraction of their anticipated value or don't get sold at all.

Profits are a result of past successes, and potential buyers are interested in the future. They seek companies that have the potential for long-term growth and can easily undergo a change in ownership. Value, in other words, depends on sustainability and transferability.

In simple terms, sustainability refers to a company's ability to maintain its performance over an extended period of time. Transferability refers to a company's ability to maintain its performance without its current owner. Together, sustainability and transferability ensure the health of an organization by increasing its overall value.

Like most things in business, sustainability and transferability cannot be achieved overnight. They

develop gradually and result from years of carefully balancing business drivers (such as growth, recurring revenue, market share, and customer diversification) and asset drivers (such as finance, operations, human resources, and sales and marketing).

Sustainability and transferability are also difficult to build alone. They require the strategic business decisions and long-term planning that only a skilled business advisor should assist with.

WelchGroup Consulting uses a methodology designed to help business owners build the value of their companies. Accompanied by a software solution, this methodology will enable WelchGroup to assess, analyze and evaluate your business performance in various segments. Results are shown in a graphical format, making them easy to understand.

Whether you've recently opened a business or have been managing one for years, it's never too early to start planning for your exit. Creating value is a long-term investment, but well worth the effort. Placing it at the core of your business plan will allow you to build your business to last decades, but will prepare you to sell tomorrow. Because you can't always plan your date of departure, nothing could be more important.



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