

## 3 Things That Can Build Future Business Value

Building business value is a core reason you wake up and run your business every day. As your business grows in value, it can position you to find new clients; keep current clients happy; support your employees financially and intellectually; and provide a nest egg for yourself, your family, and any charitable organizations you work with.

Many business owners find that there's a certain point at which they don't know how to grow the business any larger. They've done everything they can think of, but the business plateaus. These plateaus can create big challenges for owners who will one day rely on selling or transferring their ownership to fund their post-exit lives. What can you do to help yourself overcome these plateaus?

### Hire or Train Next-Level Management

Perhaps the most important driver of business value is the presence of a next-level management team. Next-level managers are managers who know how to grow companies beyond their current levels. Oftentimes, next-level managers come from companies that are larger than yours. Working in those larger environments usually gives those managers the experience necessary to build your company's value. They can also be a catalyst for rapid growth in your company.

Alternatively, you can train your current managers to begin taking more responsibility for some of the important tasks that you do. For example, if your current management team has been growing the company at or beyond the goals you've set, you might consider giving that team more responsibilities.

Regardless of which path is right for you, you should seriously consider installing a next-level management team if your goal is to build future business value. With greater value, you'll have more options available and subsequent goals can be easier to achieve.

### Establish and Document Operating Procedures and Systems

Both external and internal buyers benefit from turnkey operations compared to rebuilds. Establishing and



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documenting your company's procedures and systems that contribute to profitability and cash flow can strengthen performance and highlight areas for potential growth, which can increase your business' overall value.

For example, if your company can install ISO 9001:2015 standards, you can more adequately demonstrate your company's ability to consistently provide goods and services that meet or exceed the requirements set forth by customers and regulatory bodies. Likewise, if your company has a unique value proposition, new owners will likely want to sustain it efficiently so that they can continue the growth trend. Muscle and brain memory are less valuable than written and standardized procedures when it comes to building future business value.

## **Diversify Your Customer Base**

Much like next-level management, a diverse customer base provides strength in numbers. If your company's profitability and cash flow are reliant on just a handful of customers, your business is likely at risk. If one or two of those customers were to leave, it would hurt profitability.

Diversifying your customer base is much easier when you have both next-level management and documented processes. However, finding new markets to which you can introduce your company's value proposition is a key aspect of building business value, and it's something to consider right now. Ask the next-level managers you recruit or develop to identify creative and competitive strategies to expand into desirable markets, then document the processes used to achieve those goals. This is how we leverage one value-building technique with another, making the end results greater than what you might achieve if you only focus on one area.

If you'd like to discuss ways you can begin taking steps to build your future business value, please contact us today.

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