

growthink

Sell Your Business at the Highest Price

SIMPLE, PROVEN STRATEGIES TO
GET THE MAXIMUM PRICE FOR
YOUR BUSINESS

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Read

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Strategize

P

Profit

Discover How to Improve and Sell Your Business Quickly and for the Highest Possible Price



To begin, I want to thank you and give you kudos for your commitment to building your business, and to your openness to new ideas, strategies, and tactics to propel it to its next level of growth and success.

In this report, I will hand you six proven strategies we have successfully used with our clients. These strategies have allowed our clients to sell much more quickly and at much higher prices than others in their industries.

If you'd like to discuss how we can help you grow and/or sell your business, please call us at (800) 216-3710 or email us at services@growthink.com.

01

Put Yourself Out Of Business

Here's what we mean by this: someone who wants to buy your business will want to be sure the business can run without you.

As such, you need to modify your business, so it does just that. You need to figure out things that you're currently doing that someone else can do.

And most importantly, you need to establish systems, so the business can grow without you.

If you currently have lots of systems, great. If not, implementing systems is not as hard as it seems. It requires identifying the key tasks your company performs and documenting how to best do them, so a new person could most easily perform the task.

Let me give you an example of one of my clients who did just this.

His name is Marcus Katz. Marcus founded Educational Loan Administration Group. He completely systematized the business and then focused his time on marketing.

The result...he grew the business dramatically and sold it to American Express for a huge sum.



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Someone who wants to buy your business will want to be sure the business can run without you!

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02

Diversify Your Customer Base

When you only have a few large customers, your business is at risk. Because if one or more of these customers leave you, your business could fail or lose substantial value.

That's why you always need to be diversifying your customer base. You should be thinking about new customer segments to target.

And, you should understand that the more customers you have, the more customers to which your acquirer can sell.

Let me give you an example of one of my clients who did just this. You've probably heard of them. The company is Fathead.

Fathead built a highly diversified client based of tens of thousands of consumers.

But it didn't stop there. In addition to consumers, Fathead started serving corporate clients and photographer clients.

The result...our client Fathead was acquired in a high dollar acquisition.



03 Identify & Build Your Value Drivers

We've identified 21 key value drivers of a business, which are the things in your business that can drive your acquisition price higher and higher. To keep this report brief, I will share three of them with you here.

The first key value driver is customers. As discussed above, the more customers you have and the more valuable your customers are, the more acquirers will pay to buy your company.

The second key value driver is Intellectual Property. According to ThinkFire, an intellectual property firm, the average patent was acquired for \$383,000 over last few years. So, the more intellectual property you have, such as patents, trademarks, copyrights, and trade secrets, the more your company is worth to acquirers.

The third key value driver is your team or employees.

The company that acquires you generally also acquires your team.



So, the more talented your team is, the higher the price the acquirer will pay for you. It's obviously important to keep this in mind as you hire and train your employees.

Let me give you an example of one of my clients who did a great job in identifying and building his value drivers. His name is Dan Sandel.

Dan started a small medical devices company called Devon Industries. He developed 22 patents and a highly skilled team. As a result, Johnson & Johnson purchased his company for tens of millions of dollars.

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We've identified 21 key value drivers of a business, that can drive your acquisition price higher and higher.

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04

Implement Continuity Programs

Continuity or “membership” programs are programs in which you sell a customer once, and they pay you over and over again, such as every month or year.

Having a continuity program greatly increases your value since it removes the risk of your sales plummeting after the acquisition. Always think about how to get customers to pay you over and over again, because this will dramatically increase the value of your business to acquirers.

Let me give you an example of one of our clients who did just this -- Craig Rowe, president of WhyPark.

WhyPark monetizes “parked” sites (“parked” sites are sites in which someone owns the domain, but they haven’t yet built the site). The company initially generated revenues by offering “one and done” services like writing articles for and building links to client websites. But WhyPark achieved real success when it started offering continuity programs; ongoing monthly services including RSS feed integration, social networking applications and statistics.

Upon increasing the number of members paying WhyPark monthly, the company’s revenues and value skyrocketed, and an acquirer came in and paid a huge sum to buy the company.



05

Communicate the Promise of Future Success

Most businesses are valued on past performance. For example, an acquirer will start by reviewing your last few years' sales and profits. Next, they will project how, based on past performance, sales and profits might look in the coming years. They will then conduct a Net Present Value calculation of future revenues/profits to derive the price they're willing to pay today.

Such valuation methodologies fail to account for future opportunities your company may pursue. And clearly, if such opportunities can yield significant sales and profits, they will increase your company's current valuation.

As such, it's critical to brainstorm future growth opportunities and include them in presentations to acquirers. Doing so can significantly boost the price they'll pay to acquire your company.



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By brainstorming and presenting future growth opportunities, you can dramatically increase your valuation.

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06 Skillfully Execute the Transaction



The final strategy to successfully building and selling your company at the highest possible price is to “skillfully execute the transaction.”

You can DOUBLE the amount for which you sell your business by having the right 1) presentation, 2) professional sales process, and 3) negotiating and closing skills.

With regards to presentation, the way you position your company and support your valuation in it has a huge effect on how much an acquirer will pay for you.

Likewise, with a professional sales process, you will get more potential buyers who will start a bidding war that results in the highest possible price to buy your business.

And finally, by having the right negotiating and closing skills, you will get the acquisition deal done with the best possible deal terms.

Let me give you an example of one of our clients who did just this. His name is Walter Alessandrini of Ometric.

Ometric provides innovative solutions for industrial processes.

Growththink advised Ometric over several months, and ensured it had the right presentation, professional sales process and negotiating strategy.

As a result, we helped sell Ometric for more than 14 times its revenues, an enormous multiple.

Recap: 6 Strategies to Increase Value

01

Put Yourself Out Of Business

02

Diversify Your Customer Base

03

Identify & Build Your Value Drivers

04

Implement Continuity Programs

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Communicate the Promise of Future Success

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Skillfully Execute the Transaction

Next steps....

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