



MAXIMIZING VALUE WHEN SELLING YOUR BUSINESS

So much money is often left on the table in the process of selling a business.

Most owners don't realize that by being better prepared they could increase the value of their business and get better offers with better terms.

This issue of Executive Issues & Insights highlights a client



who was able to double the value of their business for sale after working with a NextLevel partner. We'll also share some of the insights

NextLevel partners have gained in their years of leadership experience on both the buy and sell sides of these transactions.

NEXLEVEL CASE STUDY *Over 100 percent increase in value*

The majority owners of a healthcare services company were nearing retirement and wanted to sell the business. Founded in the late 1970s, it was one of the first to offer outsourced back-office support for hospitals and physician groups.

The company was well respected in its industry, but the owners had no experience in selling a business. When they first put it on the market, the offers they received were much less than expected, with significant earn-out contingencies. Disappointed, the owners took it off the market.

Realizing they needed help getting ready if they wanted better offers,

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NEXLEVEL INSIGHTS

No matter how good you may think your company is, when you put it on the market, potential buyers will find as many reasons as they can to lower their purchase price. You'll need to address ahead of time anything that might make it less attractive.

Show that you have a well-thought-out and current strategic plan

Your strategic plan is one of the tools you'll use to show the value of your business. As your company develops, you should periodically evaluate your plan and revise it as necessary to account for changing conditions. A well-thought-out plan encompasses industry dynamics, the competitive landscape, how you are differentiated, your growth drivers, capitalization, and risk management. When it's time to sell, a current strategic plan will make the process more efficient and result in better offers.

Attach values to your key business drivers

Your strategic plan must also be tightly coupled to your financials. It is crucial that you understand what drives your business and

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they brought in a NextLevel partner as CFO and member of the Board.

The NextLevel partner led a team in reviewing in detail every element of their operations, policies, and records. Then he led the development of a plan to address and resolve any issues that might devalue the company.

Among other changes, the company closed redundant service centers, outsourced some support services, and reorganized to make reporting structures more flexible.

The owners' willingness to address every perceived weakness paid off. When they ultimately put it back on the market, it sold for more than double the previous offers in an all-cash deal.

**“YOU SHOULD ALWAYS BE
OPERATING YOUR BUSINESS
AS IF YOU’RE GOING TO SELL IT”**

You should always be operating your business as if you're going to sell it—aggressively and effectively executing on your strategy. Your company will be more attractive to buyers and you'll be in a better position to take full advantage of an opportunity to sell when it arises.

More Information

To learn more about how NextLevel can help you maximize the value of your business on a sale, call us at (800) 833-NEXT or email info@nlbev.com.

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be able to communicate how those drivers positively affect your financials. You should be able to tell buyers how specific elements of your strategy result in an ROI of X, market share increase of Y, or lower customer acquisition costs of Z. Being able to do so in a credible way instills buyer comfort and demonstrates the value of the business.

Understand what's most important to your potential buyers

A hugely important, but often overlooked factor is a thorough understanding of your potential buyers and what is most important to them. Financial buyers, for instance, may value scalable infrastructure, while strategic buyers may value potential synergies from complementary markets, products and customers. Knowing this will allow you to strengthen key aspects of your business that your buyers value the most.

Finish strong

Ensure that you have presented an achievable forecast for the full time period of the deal process – and then deliver. One of the hardest things for executive leadership is staying focused on driving the business hard all the way through the finish line and not getting distracted by the deal process itself. Missing the forecast will put you on the defensive and lower the final deal price.

KEYS TO INCREASING THE VALUE OF YOUR BUSINESS FOR SALE

- **Your strategic plan:** Is it well thought out and current?
- **Your financials:** Can you demonstrate the financial value of your key business drivers?
- **Your buyers:** Do you know what's most important to them?
- **Your follow-through:** Can you deliver on your numbers through deal closure?