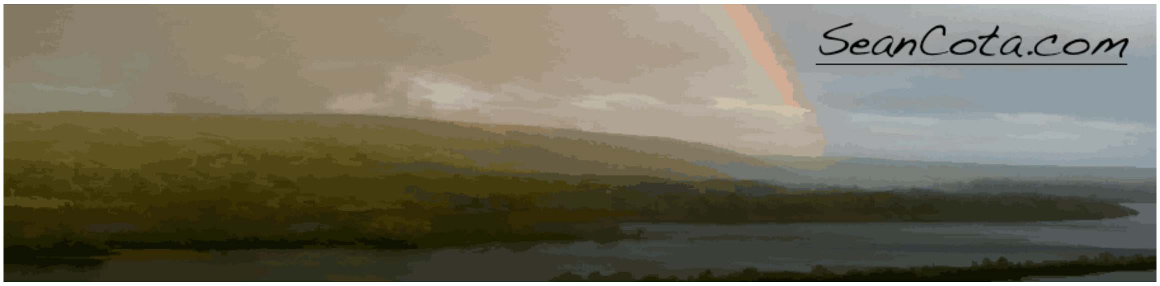
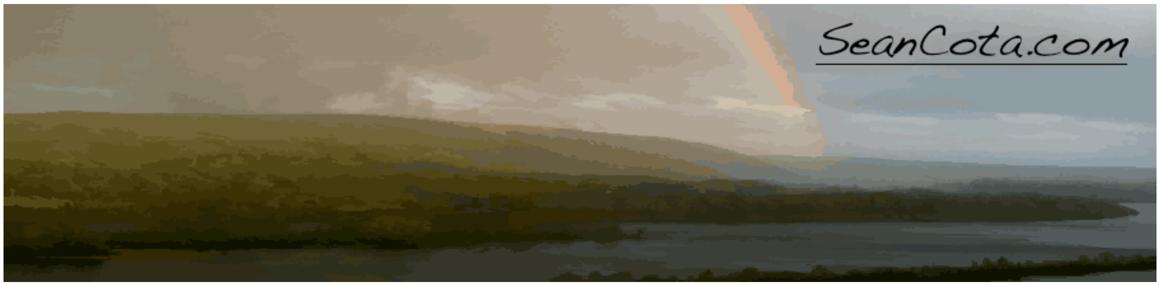


Do You Know the Value of Your Business?

Are You Considering Selling Your Business?

Owning a successful business requires thousands of hours of your personal time as well as thousands of your personal finances. And if the business you own has been around for more than seven years, it usually means that you have been successful enough to make it worth the sacrifices. However, you may be asking yourself if it's time to sell your business. Maybe you find yourself in a place where you want to take more time to do the things you love or maybe you are just ready to retire. If you think you are ready to sell there are things you need to consider before making any serious movements toward selling your business. Many business owners spend time and money to get halfway through the process of selling a business only to change their minds and back out.

1. Are you truly ready to sell your business or do you just want a break? Sometimes the pressures of running a business can take a toll, especially in the current economy. Small business owners are finding it harder and harder to stay afloat. It's possible that you're just feeling disheartened with the current state of things. Rather than selling your business, perhaps see if a change in

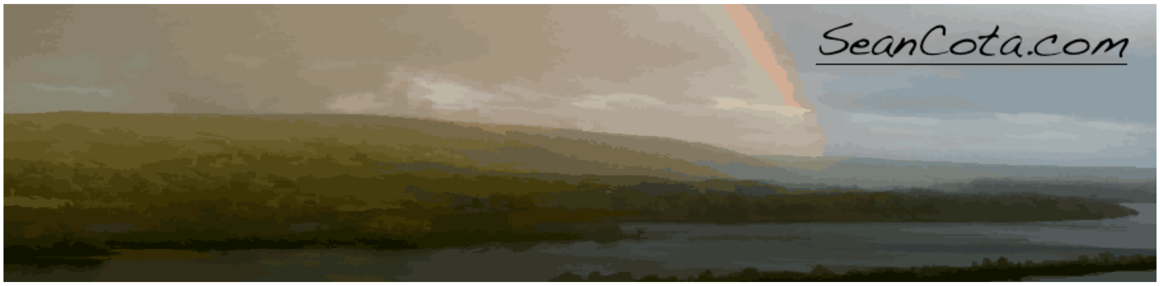


management or structure might give you the break you need without giving up your company all together .

2. Are you prepared to wait for your money? Selling your business can be an attractive option if you are looking for a quick cash turn around, but you also need to consider that the sale of a business is rarely, if ever, 100% cash up front. Usually the seller is asked to “hold paper”, sometimes for years, before the total amount of the sale is released. So if you are looking to sell your business for any kind of quick cash, you may be sorely disappointed.

3. Do you have an exit plan? Do you know what you will do once the sale of your business is complete? Whether your plan is to invest in another business, travel the world, or work for a non-profit, many times the sale of a business falls through because the business owner does not have any kind of exit plan in place.

4. Have you done your Due Diligence? When conducting a sale of your business, you can be sure that anyone looking to buy your business is doing their research on your company. If there are any impending legal or tax problems they will find them before the sale is final. You can boost your integrity as well as your sale price by



being up front and honest about any problems within the

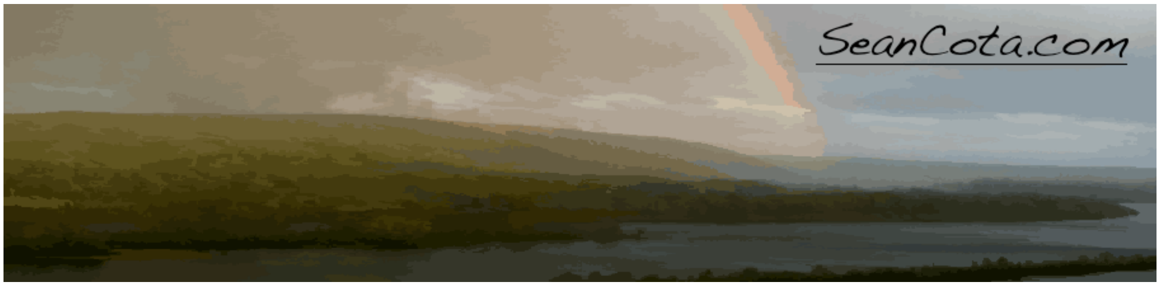
business. This could potentially lower the initial value of your business, but buyers are more likely to buy from someone who is being honest with them. Realistically, the buyer will uncover these issues during their due diligence anyway, so why not disclose up front and lessen the chances of a sale falling through?

When you have considered these things and are ready to sell the next step is to know the value of your business.

Determining the Value of Your Business beyond the Tangibles

Knowing the value of your business will give you a solid idea of what you can ask for it. You can always do a valuation yourself, but as a business owner, you are less likely to recognize the factors that can increase the value of your business. It is far better to have a professional outside of the company complete a valuation and give an unbiased estimate of the value of your company.

When we talk about the valuation of the business, typically we discuss the company’s hard assets or “tangible” assets. Tangible assets present the bread and butter of your company. While the tangibles



drive the bottom line of selling your business, the intangible assets can sway the pickiest of buyers.

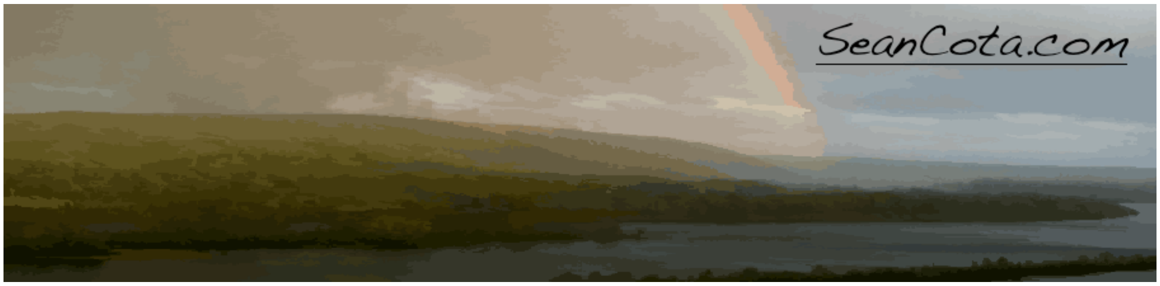
Therefore, when presenting your business to a prospective buyer do not forget to highlight intangible assets. Intangible assets include reputation, diversity of customer base, industry expertise, training and development potential. Intangibles do not directly impact the business value on paper, but play a critical role in the buyer's assessment of value.

And, brand strength often is the most important intangible of all.

Building a reputation around the business, not an individual, is important in the long run. Your brand is more valuable and, frankly, more successful if the brand hinges upon the company or the product. Ultimately, a buyer sees the ability to continue profiting from the businesses brand recognition.

Experienced buyers know there is greater value in buying a business with a successful branding & marketing plan for four reasons:

1. Awareness: When a company has launched and maintained a strong, branded marketing campaign, they have made a name for themselves in the marketplace. After time the campaign established credibility and takes the



company past the costly introduction phase of becoming known as a brand.

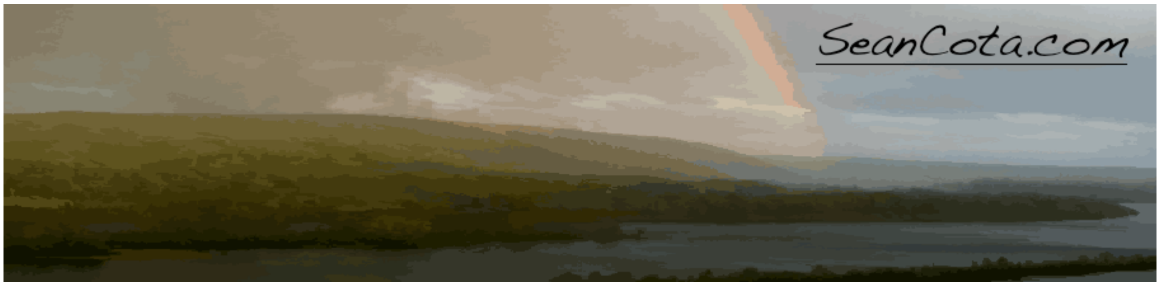
2. Credibility: A well-branded company gives a buyer a sense of security.

They know that the target consumer base covered. When a company knows who their customers are, there is credibility and trust between buyer and seller.

3. Reputation: A good consumer reputation is not something that happens overnight, so building that reputation and associating it with the brand adds additional value to the business.

4. Consumer Satisfaction: Once a brand is established, it is important to attach the customer loyalty and customer experience to that brand. Promoting the positive feedback of satisfied customers delivers a message of superior customer service and a solid reputation. When the brand is associated with positive customer experience, it makes the business more appealing to prospective buyers.

While it is absolutely true that annual revenue, transferable contracts and other financials can heavily influence a business valuation. Never underestimate the value of powerful branding.



Whether you decide to sell your business, pass it down to a younger generation or simply change structure to give yourself a break, make sure that you are prepared in every way and that your business is also prepared, in order to receive the best value possible from your endeavor.