

## WHY NOW?

*Business valuation advice can be the key to unlock the door to your business owner relationships.*

Jason Early, CRO @ BizEquity



**S**ince BizEquity's inception, we've been amazed by business owners and their advisors who ask "Why do I need to know the value of my business?"

This may be less surprising, but in June of 2020 the question has shifted to "Why now?"

BizEquity was founded to democratize business valuation knowledge for the business owner. Business owners fuel our economy, they create jobs, they foster community, they are the lifeblood of the cities and towns we live in. So, it didn't seem fair that 98% of them don't know the value of their business.

The answers to the questions above are simple. As a business owner, virtually all of your outcomes depend on the value of your business, and as an advisor, how can you possibly provide advice to a business owner without knowing their value?

Let's take a look at why you need to know, and more importantly, why you need to know *now*.

### 1) **You deserve to know.**

As a business owner, we believe that you deserve to know the value you have created with your life's work. Moreover, we believe that valuation should not be:

- A one-time event
- Expensive
- Time consuming
- Highly intrusive
- Off-line

### 2) **Informs critical decisions.**

All critical decisions made as a business owner should be informed by the impact on the value. Business owners make decisions all day every day, but several times a year they are making key, strategic decisions for their business.



# WHY NOW?

Business valuation advice can be the key to unlock the door to your business owner relationships.

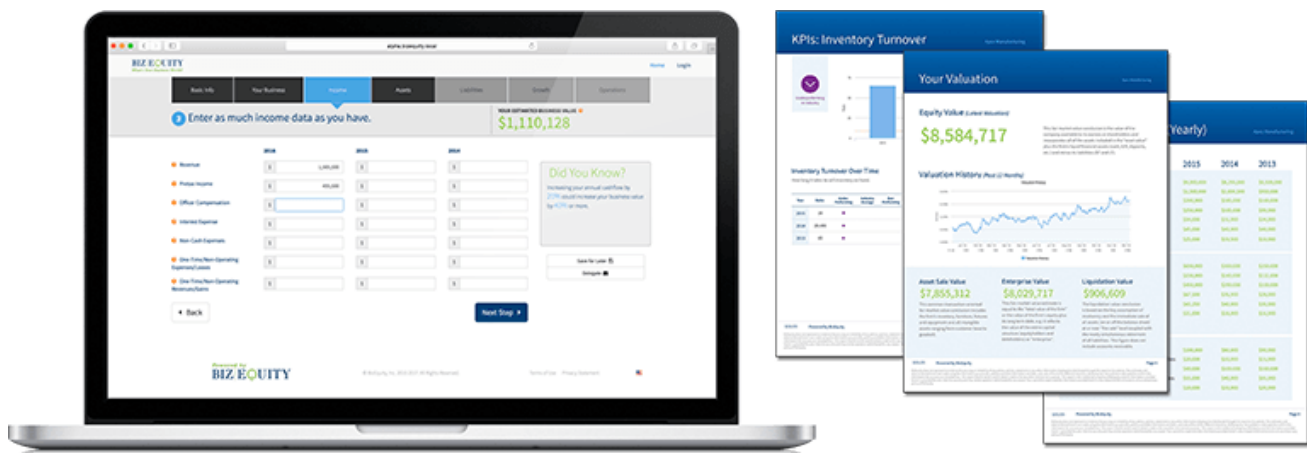
Those decisions need to be informed and the business owner needs to understand how that decision one way or the other impacts their value. Example: *Do I hire in marketing, sales, or client service? Do I invest in this new technology? Do I open a second location? Do I take on this contract?* All decisions that are made more difficult if you do not understand the impact to the value of the business.

### 3) What gets measured, gets improved.

Peter Drucker's words are as true today, as ever. Knowing your value as a business owner creates accountability. Depending on your goals, you now have a guiding light. Without knowing, how do you know year to year if you are on the right track? Other numbers can be misleading. If I use revenue as my guiding light, I may lose sight of profitability, and not all revenue is created equal. Profit? I may not be creating value, or transferable value, in my business. Again, having an understanding of value allows you to measure and improve.

### 4) Identify opportunities to drive value.

One of the greatest advantages of understanding your value, and looking at it annually (at the minimum) as a business owner, is your ability to affect change on that value. There are levers, or key performance indicators, that business owners can pull to drive value in their business. *Return on Equity is under-performing my industry peers by 8%? Or my debt-to-equity ratio is off by 12%?* These are things that can be optimized for business value, and having the business value and KPI's benchmarked allows you to make adjustments. It is very difficult to make the right decisions time and time again while flying blind. Knowing your value and what drives that value today, allows you to increase that value tomorrow.



(610) 263-7296



www.bizequity.com



info@bizequity.com

## WHY NOW?

Business valuation advice can be the key to unlock the door to your business owner relationships.

### 5) Create positive financial planning outcomes.

As a business owner, or advisor to one, how could I possibly do any of the following properly without knowing the value of the business?

- Retirement Planning
- Manage Risk
- Succession Plan
- Assess Capital Structure

78% of business owners plan to fund their retirement through the sale of their business, yet 98% don't value themselves. Knowing the value of your business, and monitoring it often, allows you to create positive outcomes, that would otherwise be guesses.

Far too often, the advisor walks into a meeting with a business owner to create a retirement or succession plan and the conversation goes like this:

*Advisor:* What is the business worth?

*Owner:* I don't know, 5-10 million maybe?

*Advisor:* Let's use 7.5 for the plan.

*Owner:* Good enough.

**It's not good enough.** As an advisor, in today's environment, it is critical to provide your clients with sound advice. If business owners are part of your practice in any way, you have to be able to provide them with valuation insights.

Business owners need you now, more than ever. Every business has been effected either positively or negatively and it's the advisors that lean-in and are there to provide advice and guidance now, that will reap the rewards in the future.

### How We Can Help

BizEquity provides the technology and support to help an advisor:

- Define their ideal business owner target based on their firm's operating style
- Prospect more effectively using the prospect engagement tool, which has pre-valued over 30MM businesses in the U.S.
- Market their services to business owners with off the shelf white-labeled marketing content and presentation materials.
- Engage a business owner and value their business in less than 20 minutes
- Automatically benchmark the value and operational metrics of the business against their peers.

Not working with business owners today?  
You should. We make it easy. Let us help.



(610) 263-7296



[www.bizequity.com](http://www.bizequity.com)



[info@bizequity.com](mailto:info@bizequity.com)