

Value Drivers List

Two Business of the Same Size. One Sells for Twice the Other. Why?



Elements of the business's condition, aside from its revenues and profits, may increase or decrease its potential value. Value Reducers and Enhancers are about risk. The more or less risk the buyer sees within the business, then the more or less the buyer may be willing to pay. Review the checklist and identify steps that may enhance your business value.

| Value Reducers | | Value Enhancers | |
|----------------|--|---|--|
| MARKETS | | | |
| 1. | Low barrier of competition | High barrier of competition/niche market | |
| 2. | Concentrated customer base | Diversified customer base | |
| 3. | No or unidentified competitive advantages | Clear, sustainable competitive advantages | |
| 4. | Low customer retention/repeat business | High customer retention/repeat business | |
| 5. | Low brand recognition or reputation | High brand recognition and reputation | |
| 6. | No protected proprietary intellectual property | Protected proprietary intellectual property | |
| OPERATIONS | | | |
| 7. | Weak or undocumented operational processes | Well documented and robust operational processes | |
| 8. | Disorderly accounting or budgeting systems | Orderly accounting and budgeting systems | |
| 9. | Incomplete or undocumented HR records | Sound, documented HR records and policies | |
| 10. | Inconsistent marketing and selling procedures | Effective marketing and sales procedures | |
| 11. | Supplier concentration | Supplier diversification | |
| 12. | Dirty or disrepair in physical plant and offices | Clean and orderly physical plant and offices | |
| 13. | Low or outdated technology | Current and effective technology | |
| 14. | Low or undocumented customer satisfaction | High and documented customer satisfaction | |
| DOCUMENTATION | | | |
| 15. | Incomplete or unwritten business plans | Thorough, sound business plan | |
| 16. | Disorderly or compiled financial statements | Reviewed or audited financial statements | |
| 17. | Incomplete or out-of-date corporate records | Thorough and current corporate records | |
| 18. | Little or no customer agreements | Transferable customer contracts | |
| 19. | Disorganized or incomplete agreements with vendors suppliers, leasers, or strategic partners | Current, written agreements with vendors, suppliers, leasers, or strategic partners | |
| PEOPLE | | | |
| 20. | Owner is the most valuable employee | Owner is not essential to business success | |
| 21. | Unclear leadership roles and responsibilities | Clearly defined organizational leadership | |
| 22. | Unclear or unwritten job descriptions | Current, written job descriptions | |
| 23. | Little employee assessment or development | Documented employee reviews and development | |
| 24. | Top employees have low or no barriers against departing the business | Employee non-compete or non-solicitation agreements; retention-based compensation plans | |
| 25. | No bench strength | Strong successor management in place | |

To learn more about increasing company value, watch our free webinar [“Top 25 Tactics to Maximize Your Company's Value at Exit”](#).