

TITAN TIMES NEWSLETTER

June, 2020

TITAN BUSINESS DEVELOPMENT GROUP, LLC



Five Ways to Boost the Value of Your Business

Any business is worth more than just its profit margin at a given point in time. Sure, earnings are an important measurement, but a company that runs like a well-oiled machine is inherently worth more than one that doesn't. So is a company that can adjust easily to shifting markets instead of standing stubbornly in the face of market evolution. Below are 5 simple ways you can boost the value of your company.

1. Diversify Your Customers

Customer concentration can hurt you. We've all heard the saying "Don't keep all your eggs in one basket". Don't get caught in a situation where losing one or two big accounts can break you. In fact, when selling a business, if 10% or more of revenues come from one customer, the sales-value of the business decreases. If 50% or more comes from one customer, the business is often valued at only pennies on the dollar.

2. Develop a Recurring Revenue Stream

A predictable stream of cash flow makes a business more attractive. Try to establish a model of recurring revenue. Here's a good example: Rather than charging an hourly rate to open vacation homes in the spring and then winterize them in the fall, a handyman might instead send out an annual contract with a monthly fee to provide the same services. In the end, he is charging the same amount but his cash flow is now much more predictable --- and he has locked his clientele in for an entire year.

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3. Empower Your Managers/Employees

You should empower your managers and perhaps other employees to handle situations without first having to get your blessing. Why? Because it is the only way to have a strong business that can operate in your absence, In fact, owner dependence is another reason many businesses are undervalued when it comes time to sell.

4. Carve Out Your Niche.

Become a market-leader by carving out your niche. Try to narrow your target market enough that you could be considered a specialist or the premier provider to that market. Quite often, this also includes a geographic boundary.

5. Keep Your Marketing Materials and Website Updated.

Customers visit your website. Potential purchasers certainly will. Keep it up date. Website design tends to go through an evolution every three to four years. Keep current. The visitors to your site will most certainly sniff out an outdated website and possibly form a negative opinion of your company. The same holds true for the rest of your marketing material. Make sure the impression you make is current and first class.

These five simple tips can help you down the road to a business that is worth more than just what your Tax Return reflects at the end of the year. Now is as good a time as any to devote some effort to working on your business instead of in it. In the long run, the benefits will clearly multiply.

Masterful Quotes

"The rung of a ladder was never meant to rest upon, but only to hold a (person's) foot long enough to enable him (or her) to put the other somewhat higher."

- Thomas Henry

If You Want Referrals, Train Them!

Have you ever been frustrated by the return on investment (ROI) from all the networking you do? Do you expect more referrals than you actually receive?

The first question I always ask clients on this topic relates to the quality of "training" they have provided to their referral partners. Do those individuals know how to recognize a good referral for them? They may have listened to your elevator speech more than 20 times and you may have met with them and told them about the features and benefits that you have to offer, but the real question is: How can they recognize a referral for you when one is standing in front of them?

For some professions the telltale signs may be very obvious. For others, it may require a little more thought. For example, when talking to a friend, they bring up how their insurer has raised monthly premiums by more than 15% for the last three years. Having been trained by my insurance referral partner to recognize that this is the ideal referral for him. I am in a good position to make a referral connection. It is also important to note that people communicate in different ways. This being the case, you want to train your referral partners to better connect with prospective referrals by paying attention to their primary sensory dominance (PSD).

Visual communicators may say things like, "I can see that, "may I paint you a picture?" If their PSD is auditory they will use adjectives and verbs that are associated with sound. "How does that sound." "That sounds great." "What other things do you need to hear." Individuals who are kinesthetic will use adjectives and verbs associated with touch and feel. "That feels right." "How does that feel to you?"

So if I were a CPA teaching my referral partner how to recognize a referral, here are some of the clues I might communicate to them to help spot a referral for me. You will see, hear or feel the following:

- I am going to have to see if I can find an accountant that can minimize the taxes that I am paying.
- I feel like there is more my CPA could do for me.
- Others tell me that their CPA does not charge for phone calls, does yours?
- I wish I knew more about what the bank is looking for before I submit an application for a loan.
- I've heard other business owners say that their CPA is their best consultant, I wish I could say that.

Clearly this is not a complete list. In fact, there are hundreds of things that could lead to a referral. The point is that if the person trying to make a referral for you focuses only on features and benefits, you are not going to get all the referrals you want. By training your referral partners on what to look for, you stand a better chance of getting the referrals you deserve.
