

The Titan Times Newsletter

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Masterful Quotes

"Discipline is the bridge between goals and accomplishment."

~ Jim Rohn

"Success is walking from failure to failure with no loss of enthusiasm."

~ Winston Churchill

"Three Rules of Work: Out of clutter find simplicity; From discord find harmony; In the middle of difficulty lies opportunity."

~Albert Einstein



in this issue:

Eight Key Drivers for Building Business Value	P.1
Masterful Quotes (Sidebar)	P.1
2023 Federal Legal Holidays (Sidebar)	P.2
Taking Vacation Time You Deserve	P.3

Eight Key Drivers for Building Business Value

As you grow your business into a valuable asset with an eye on the future, assess its current value using the eight key drivers of business value discussed below. Each of these value drivers are used to evaluate where your business stands today and simultaneously outlines areas to improve for the future. They are also some of the key components a potential future buyer will look at from an attractiveness stance.

1. Financial Performance

This value driver does not mean that you need to have an audited financial statement, but it does mean you need to have concise financial information. The financial statements and metrics derived from them need to be accurate and reliable.

2. Growth Potential

When addressing growth potential, it comes down to capacity. A company that is already at capacity is not going to be worth as much as a company that has capacity. When someone looks at buying your business, they want to buy it because they want to take the business to the next level. Key areas of growth potential are through revenue expansion and earnings predictability.

3. The Switzerland Structure

Independence is the theme for this value driver. It is important to not be reliant exclusively on a single customer. A business should also not be reliant on a single vendor, a single supplier, or even single employees. Just like Switzerland, a company should be neutral to its customers, vendors, and employees, so there is no reliance on just one single source. Being too reliant on one customer, vendor, or employee can absolutely impact the business's value. (continued)

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2023 Federal Legal Holidays

January 2
New Year's Day
(observed)

January 16
Birthday of Martin Luther
King, Jr.

February 20
Washington's Birthday

April 17
District of Columbia
Emancipation Day
(observed)

May 29
Memorial Day

June 19
Juneteenth National
Independence Day

July 4
Independence Day

September 4
Labor Day

October 9
Columbus Day

November 10
Veterans Day (observed)

November 23
Thanksgiving Day

December 25
Christmas Day

4. Working Capital

Working Capital is basically your company's cash flow. It is the difference between receivables and inventory compared to accounts payable. One might think it is wise to pay all vendor invoices at once so there are no payables, but that's not necessarily good from a *cash flow* standpoint. You do not necessarily want to have more receivables than payables on your financial statements because that might point to a situation where you are paying out more than you are bringing in. It is a very important balancing act.

5. Repeat Sales (Recurring Revenue)

If you can find a way to have automatically recurring revenue instead of continually chasing after it, the more the value of your business will increase. To have a steady recurring revenue stream, determine what you can do with your business and what you can sell that can automatically repeat again and again.

6. The Monopoly of Control

This value driver has to do with finding ways to differentiate yourself from other businesses. What can you do to really set yourself apart from your competition? The answer is to look at what your customers' needs are. Every organization should challenge themselves to do this. If you do, you will have more ability to have pricing strength because you're offering something that no one else offers. If you are just another goldfish in the goldfish bowl, your business will likely command a lower market value.

7. Loyalty (Customer Satisfaction)

It is important to measure your customer loyalty and your customer satisfaction. Returning customers are valuable assets of the business. Another good measurement tool (use several) is the Net Promoter Score (NPS). The NPS is a survey designed to rate how likely customers are to refer someone to your business. Based on the scores, you can gauge levels of customer satisfaction.

8. Management Depth (Hub & Spoke)

Do you have a management team in place or is the business solely reliant on you? This area is about changing the owner's mindset from needing to be all in on the company details to one of being focused more on the high-level areas and being able to plan for the future. If the company is reliant on you to, say, bring in all the business or to operate, it will be hard for someone to take over when you're the one who is doing most of the work. This would lower its value – what are the business-results when you're not there? As the business owner, you need to plan and build your company's ability to operate independent of you, thus raising its value.

In a perfect world, we would all eventually transition our businesses to someone (hopefully) and would want our businesses to firmly represent years of hard work, dedication, sacrifices, ingenuity, investment, and pride, by reflecting a commensurate value. Paying attention to these eight key drivers should help keep you on the path of some critical components important not only to healthy operations, but also ultimately to a prospective buyer.



Taking Vacation Time You Deserve

As we head into summer, it seems fitting to have a few words of discussion about vacation time. Much advice exists on disconnecting from work and returning to the office relaxed and revitalized, but which approach is right for you?

According to Scott Edinger, founder of the Edinger Consulting Group “You’ll actually get worse at your job if you don’t have intervals of rest amid the stress ... It’s like working one muscle too hard. If you neglect to rest that muscle, it begins to fatigue and will ultimately weaken.” Shawn Achor, author of *The Happiness Advantage*, referring to the way our days are hyper-stimulated by checking emails, social media and the likes, notes “we’ve lost even the micro-moments during the day that give our brains a rest ... Our brains never have the bandwidth to actually recharge or rejuvenate.”

Below are some simple tips for you to make the most of vacation time:

Practice taking mental vacations to help you maximize your actual vacation time. Learn to “shutdown” for brief periods during the workday. Let a lunch break be a true break – not an eat-your-sandwich-while-checking-emails break. Attempt to find moments of silence. For example, turn the radio off for a spell while you are driving. Power down your cell phone for ten minutes. Let your brain realize that moments of quiet-time won’t automatically translate into lower productivity – or better yet, may help you to recharge and become more efficient.

Leave projects behind. Resist the temptation to bring even a small amount of work with you. You may be thinking that a working on a spreadsheet while on the plane or reading a report while lounging on the beach is a harmless (or even efficient) use of your time but doing so will rob from the full effect of an actual vacation. According to Achor, “The productivity of a vacation is you’re trying to lower your stress, raise your levels of happiness, and create novelty for the brain”.

Empower your team and let them know what responsibilities you want them to shoulder while you are gone. A secondary advantage is that you will be signaling to them that you trust them and will allow them to feel they are being provided room to spread their own wings.

If you are a solopreneur, recognize, as hard as it may be, that the business won’t fall apart just because you are gone for a week. If you honestly think it would suffer serious damage, then you absolutely need to hire someone and train them. What would you do if you actually needed to be in the hospital for a week?

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Manage your re-entry. Just as you carefully prepare colleagues and employees for your departure, take a moment to plan for your return to work. A rushed re-entry completely burns away the good effects of the vacation. Resist the pressure to dive right back into the fray. “Very few of us just show up and we’re at full speed,” Edinger says. “The key for Monday morning is not to schedule any meetings.” That gives you a few hours in relative peace to get caught up on emails and other work demands. And whatever you do, try not to work late that first day back. “It’s just a bit of a jolt to the system. A couple of late nights at the office that first week, and it is easy to see why, when Wednesday afternoon rolls around, people often say their just-finished vacation feels like a distant memory.”

These few tips should help you better “vacation” during your vacation and come back revitalized. This is a short list – try some vacation preparation by reading a few of the many suggestions in articles and blog posts on the internet. Note the recurring themes and adopt suggestions that speak to you. Most of all, see your vacation as a work requirement, go forth and enjoy, and come back recharged to take on your tasks with renewed vigor, mental clarity, and stories to share with your friends and associates.

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