

# Know your potential value, identify your gaps.

This report will help you know:

- ✓ What your business is worth
- ✓ Risk mitigation and growth opportunities
- ✓ Value Acceleration Strategies

**Prepared for Succession Plus**

25th June 2024

**Capitaliz**

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Prepare for your biggest ever business deal.

In under 10 minutes a day, we will help you get ahead on what you'll need to know about a business exit plan - whether you think you have one or haven't ever thought about it.

[Listen to our podcast](#)

# Summary

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Thank you for completing the Business Value & Value Gap Assessment. We are confident you'll find the results interesting and useful. Our goal is to help you maximise the value of your business and make sure you are exit/sale/investment ready. We look forward to supporting you on your journey.

## Contact Information

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### COMPANY NAME

Succession Plus

### CONTACT NAME

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## Company Information

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### INDUSTRY CATEGORY

Construction, Trades & Home Services

### EMPLOYEE COUNT

20

### REVENUE - CURRENT YEAR (ESTIMATED)

\$16,000,000

### REVENUE - LAST YEAR

\$14,000,000

### PROFIT - CURRENT YEAR

\$2,500,000

### PROFIT - LAST YEAR

\$2,000,000

### GROWTH RATE

7%

### REVENUE PER EMPLOYEE

\$800,000

## Section One

# Goals

When you build your business with an exit in mind. Not only do you maximize your enterprise value, but your business also becomes easier to run. In this section, we are going to help you identify the following:

- ✓ A clear vision to share with the team and shareholders
- ✓ Key components in building a business for exit

# Goals

## >> Vision

1 of 4

### My Exit Target

**WHEN TO EXIT**

1 - 2 years

**HOW MUCH TO EARN**

\$15,000,000

**WHAT I THINK IT'S WORTH TODAY**

\$10,000,000

**MY OWN IDENTIFIED GAP TO SOLVE**

\$5,000,000

To better realise your vision, you will need a more detailed analysis of your business value and value gap and an advanced analysis of business operations, management and risk. Our Business Insights Report will provide this detailed analysis; it connects to your accounting software to extract detailed financial information, includes over 100 non-financial data points, and provides detailed industry benchmarking to compare your business to your competitors.



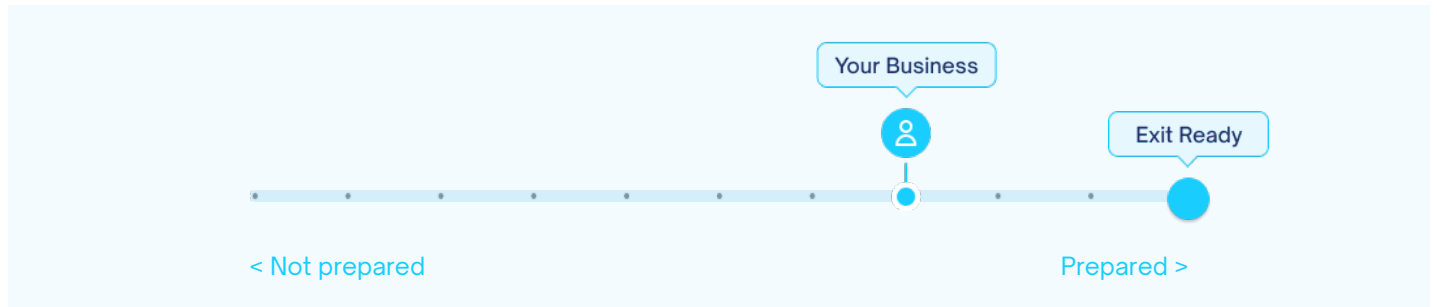
# Goals

## >> Exit Readiness

2 of 4

Having your business be EXIT READY is protecting your biggest asset. It doesn't matter when you may want to sell or if even if you have no desire to sell, you'll still receive major benefits by being EXIT READY.

### Planned Exit Score



## Why Be Prepared

### When Opportunity Strikes

It's vital to be prepared. You never know when an opportunity may present itself. So often owners are approached and the value of the company is aggressively discounted by the potential buyer in the due diligence period because the business wasn't ready for exit. Don't put yourself in that position and ensure you are ready to receive maximum value.

### Beware of the 5 D's

You hope for opportunity and complete enjoyment in your business, but we all know there are external factors that can hinder your businesses. Potentially even for an involuntary exit at a minimal value. This can remove the freedom and legacy you're working so hard for. We refer to these external factors as the 5 D's. They are Death, Disability, Divorce, Disagreement & Disruption.

### Enjoy Your Business

In the majority of situations, businesses run the owners versus the owner running the business. When you build your business to be exit ready, you do things that help increase the quality of the business. This often leads to making it easier to run and allowing you to enjoy it more as well.

### Make Better Decisions

No doubt, you'll make better decisions because you have an EXIT-READY mindset with a clear vision and aligned macro goals in front of your team. When you understand your FREEDOM POINT, you know how much or little to invest at the right times for the business. If you don't commit and understand what size or scale you should build the business to, you'll find yourself creating chaos and diminishing profits as growth is expensive.



Nearly 50% of all business exits are involuntary and forced by dramatic external factors, and 79% have no plan.

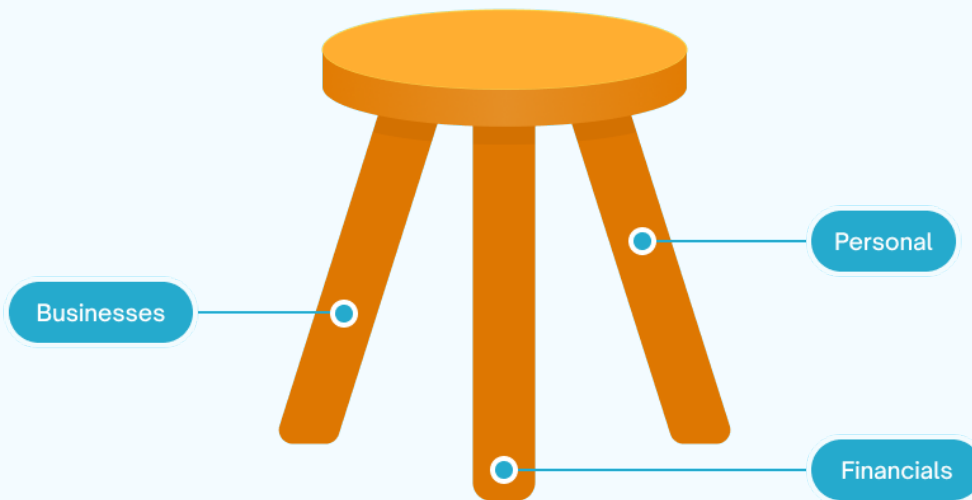
Exit Planning Institute

# Goals

## >> How To Be Exit Ready

3 of 4

To become exit ready, there are 3 legs of the stool you'll need to be mindful of.



## Business Ready

No different than removing the clutter and getting your house ready to sell on the market, your business needs the same TLC to attract a buyer and maximize your value at the time of selling. So often, owners share that after they've cleaned everything up in the business to get it ready to sell that they wish they would have done that while running it for the years prior.

It would have made the business easier to run, more enjoyable to run and own and would have most likely hit way less turbulence.

One of the biggest keys to getting the business ready and you should be doing this now, is to get it organized and make it scalable. The following list should be approached as soon as you can to take advantage of a well built business. Imagine, if you had these things, how much easier running your business right now might be?

- Ensure you have standard operating procedures, systems & workflows accessible, important policies as guardrails and nothing left in your head as the owner.
- Have all training and needed employee development documented and engaging so as you build a scalable organization chart, you have an easy way to bring that additional talent into the business.
- Clear leading indicators and metrics that need to be achieved by each department and role, this will allow your goals to flow throughout the organisation to understand what is needed to achieve the desired performance.
- Be clear on the "use of funds" that you'll need to have allocated to build the vision you've laid out while ensuring your profit margin will hit what you want at maturity when it might be the ideal time to exit for you.

### Owner Ready

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Business owners that sell without being fully ready, often experience seller's remorse. Many owners are not prepared for the emotional impact of selling their business. If you want to have the best chance of being fully satisfied, it's important to work through some of the touchy subjects well before you plan to sell your business. Some of those can include family relationships, personal self worth, decisions on what to do with sudden influx of wealth or a glut of free time, health and wellness. Here are three steps you can follow to start getting ready as an owner!

#### Step 1

Have a clear vision of what's next after this business

#### Step 2

Removing your identity from the business, you have so much more than just your business to be thankful for.

#### Step 3

Develop a plan to work yourself out of the business and enjoy the fruits of your labor.

### Financials Ready

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One aspect of this is to work with your team of professionals, most importantly your wealth advisor and exit planning advisor. It's vital that you have a clear plan of attack if you were to experience a large liquidity event. What most owners get wrong is they think they'll just pull that together quickly when the option presents itself. This is not ideal, most in this situation won't have time and will look back and regret when they realize how differently they would have done it if they could have been more proactive.

Generally, most financial planners estimate that 85-90% of the net worth of the average business owner is tied up in the business. Concentration of wealth is absolutely a problem that you want to solve if you can before your exit as you may make different decisions when the time comes. If you proactively build a plan, you'll have more peace of mind today and more options tomorrow. Here are a few tips to help you get started:

- Increase your amount of cash and liquidity.
- Keep your income producing assets separate from the business.
- Identify a trusted advisor, run scenarios and document a plan.

Did you know that our advisors can help support you to get exit ready?

[Learn more at Capitaliz.com](https://capitaliz.com)



## Section Two

# Gap/Risk

When you build your business with an exit in mind. Not only do you maximize your enterprise value, but your business also becomes easier to run. In this section, we are going to help you identify the following:

- ✓ Key areas that support your ability to scale
- ✓ A risk, gaps and opportunities overview to help you start your journey
- ✓ A growth roadmap tailored to increase the health of your business

# Gap/Risk

## >> Summary

1 of 5

This gap/risk assessment measures the 4 key areas that will help you scale your business and close your value gap.

Operational

77.78%

Marketing & Competition

62.22%

Business & Ownership

74.29%

Regulatory & Legal

70%

We want to help you propel your business beyond expectations. Below you'll find a tool we use to measure the gap-risk of your business in the four key areas for scale. By understanding the gaps and opportunities in each area, you'll maximize your enterprise value.

Using the scores above, you can assess those areas of your business that need the most attention. The four key areas will help you identify unnecessary risk (which reduces value) and areas of opportunity for growth (which increases value).

## Gap/Risk Score

71.11%

96 out of 135

The Business Insights Report will critically analyse over 100 non-financial data points and identify issues that will be problematic for buyers and detract from your valuation (higher risk = lower valuation). Importantly, the report will also map out an implementation roadmap and over 100 tools to close the value gap.

FY 2021

## Foundation Scorecard

E-

Business Model	Financial Management	Compliance
<ul style="list-style-type: none"> <li>Boutique vs Scale</li> <li>Competition and Barrier to entry</li> <li>Business plan</li> <li>Market Share</li> <li>Scorecard/Dashboard KPI's</li> </ul>	<ul style="list-style-type: none"> <li>External advisers</li> <li>Budgets &amp; Cashflows</li> <li>Strategic financials</li> <li>Benchmarking</li> <li>Reporting package</li> </ul>	<ul style="list-style-type: none"> <li>OHS / WHS</li> <li>Licences / trademarks / registrations</li> <li>Compliance - financial</li> <li>Compliance - non-financial</li> <li>Risk analysis</li> </ul>
People	Management team	
<ul style="list-style-type: none"> <li>Base - Job Descriptions, KPI's</li> <li>Performance Management</li> <li>Remuneration strategy</li> <li>Core Values, Vision</li> <li>Ladder to Equity</li> </ul>	<ul style="list-style-type: none"> <li>Management team</li> <li>Functional Management</li> <li>Ownership Mindset</li> <li>Analytics / technology</li> <li>Senior management stability</li> </ul>	

# Gap/Risk

## >> Operational Roadmap

2 of 5

### Operational Score

77.78%  
35/45 points

#### VALUE FACTOR 1

Our plant and equipment is up to date and in good condition **4**

#### VALUE FACTOR 3

Bad debts are rarely a problem **3**

#### VALUE FACTOR 5

We have regular, structured employee training programs **4**

#### VALUE FACTOR 7

We have good management systems in place **4**

#### VALUE FACTOR 9

Cash flow is rarely a problem **4**

#### VALUE FACTOR 2

We can choose from a number of different suppliers **4**

#### VALUE FACTOR 4

We could not ask for better employees **4**

#### VALUE FACTOR 6

We don't need much working capital to operate **4**

#### VALUE FACTOR 8

Our business processes are well documented **4**



## Build Your Roadmap

You cannot focus on everything all at once. Write out what specifically you would like to change in your business for this key area and prioritize what order you'll go in.

#### Below 60%

In this key area, you need to take action immediately. Failure to do so could be detrimental.

#### Between 60-80%

This key area is headed in the right direction but more work is still needed to maximise value.

#### Above 80%

This key area is built well, always room for optimisation but first focus on lower performing areas.

# Gap/Risk

## >> Business & Ownership Roadmap

3 of 5

### Business & Ownership Score

74.29%  
26/35 points

#### VALUE FACTOR 1

The business has been in operation for a long time

4

#### VALUE FACTOR 2

We have been the owners of this business for a long time

4

#### VALUE FACTOR 3

Our business has grown each year

4

#### VALUE FACTOR 4

Owner(s) do not work more than 50 hours per week

4

#### VALUE FACTOR 5

Customers deal with the business, not just the owner(s)

4

#### VALUE FACTOR 6

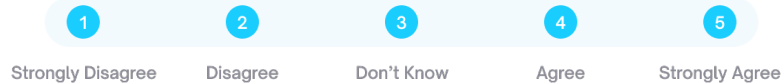
The business has been consistently profitable

3

#### VALUE FACTOR 7

The business could keep going without the owner(s)

3



## Build Your Roadmap

You cannot focus on everything all at once. Write out what specifically you would like to change in your business for this key area and prioritize what order you'll go in.

#### Below 60%

In this key area, you need to take action immediately. Failure to do so could be detrimental..

#### Between 60-80%

This key area is headed in the right direction but more work is still needed to maximise value.

#### Above 80%

This key area is built well, always room for optimisation but first focus on lower performing areas.

# Gap/Risk

## >> Marketing & Competition Roadmap

4 of 5

### Marketing & Competition Score

62.22%  
28/45 points

#### VALUE FACTOR 1

Our market offers new opportunities

4

#### VALUE FACTOR 2

There is little competitive rivalry

2

#### VALUE FACTOR 3

This is a hard business for new competitors to get into

3

#### VALUE FACTOR 4

Substitute products, services or technology are not a threat to us

3

#### VALUE FACTOR 5

Our market is growing quite rapidly

3

#### VALUE FACTOR 6

We don't need to advertise much at all

4

#### VALUE FACTOR 7

Loss of our top 3 customers would not be that serious

4

#### VALUE FACTOR 8

More than 50% of our customers are return buyers

2

#### VALUE FACTOR 9

Our website generates good business for us

3



## Build Your Roadmap

You cannot focus on everything all at once. Write out what specifically you would like to change in your business for this key area and prioritize what order you'll go in.

#### Below 60%

In this key area, you need to take action immediately. Failure to do so could be detrimental..

#### Between 60-80%

This key area is headed in the right direction but more work is still needed to maximise value.

#### Above 80%

This key area is built well, always room for optimisation but first focus on lower performing areas.

# Gap/Risk

## >> Regulatory & Legal Roadmap

5 of 5

### Regulatory & Legal Score

70%  
7/10 points

#### VALUE FACTOR 1

Government regulation is good for our business

3

#### VALUE FACTOR 2

There is little chance of legal action against us

4



## Build Your Roadmap

You cannot focus on everything all at once. Write out what specifically you would like to change in your business for this key area and prioritize what order you'll go in.

#### Below 60%

In this key area, you need to take action immediately. Failure to do so could be detrimental.

#### Between 60-80%

This key area is headed in the right direction but more work is still needed to maximise value.

#### Above 80%

This key area is built well, always room for optimisation but first focus on lower performing areas.

## Section Three

# Value

When you build your business with an exit in mind. Not only do you maximize your enterprise value, but your business also becomes easier to run. In this section, we are going to help you identify the following:

- ✓ A current value estimate for your business
- ✓ Your value benchmarked against your industry category
- ✓ Clarity on how to maximize your enterprise value

# Value

## >> Multiple & Value of your business

1 of 4

Your Business Performance	
Industry	Construction, Trades & Home Services
Revenue	\$16,000,000
Employees	20
Revenue By Employee	\$800,000
Growth Rate	7%
Profit \$	\$2,500,000
Profit %	16%

Gap/Risk Score	Assessment
Total Points Available	135
Your Gap/Risk Score	96
Gap/Risk %	71.11%

Multiples	Low	High	Average	Your Business
Profit Multiples	1.53	7.64	4.59	5.43

Current Valuation	Low	High	Average	Your Business
Based on Profit	\$4,092,750	\$20,437,000	\$12,278,250	\$14,532,978

When referencing the information on this page, please review disclaimers found on page 19.



# Value

## >> Value Acceleration

2 of 4

The charts and figures below may help you understand some factors in accelerating your value. Your business value can be improved via three main factors:

- **Economic factors** - interest rates and inflation, for example, have an impact on business value
- **Financial performance** - improving your profit.
- **Non-financial aspects** - reducing your risk and making your business more attractive.

Importantly, the way you sell the business (who is the buyer) and the scale of the business will also impact value as you prepare to exit.

### Type of Sale

Who your buyer is can absolutely dictate how much you might earn on the valuation provided. The scale below is only an estimate of what might take place, but can help illustrate why the more strategic type of sale can absolutely increase the amount you'll earn when exiting.

What Type of Sale	Estimated Increase
a. Family and friends	-25%
b. Sell to other shareholders	-10%
c. Internal / management buy-out	0%
d. Employee Share Ownership Plan (ESOP)	10%
e. Private equity / Family office purchase	15%
f. Strategic sale / Sell to competitor	25%
g. IPO	40%

### Size of Business

The smaller the business, the more likely the business is owner dependent which brings a much larger risk to the buyer of the business. For this reason we often see discounts on valuations based on the size of the company. The below graph illustrates an example of what type of discounts you may realize when going to sell if the business hasn't hit a certain level of maturity.

Amount of Annual Revenue	Estimated Increase
< \$5,000,000	0%
\$5,000,001 - \$10,000,000	10%
\$10,000,001 - \$25,000,000	15%
\$25,000,001 - \$50,000,000	20%
\$50,000,001 - \$100,000,000	30%
> \$100,000,000	40%

To find out more and get an accurate estimate of your value potential a Capitaliz accredited adviser can help.

[Learn more at Capitaliz.com](https://www.Capitaliz.com)

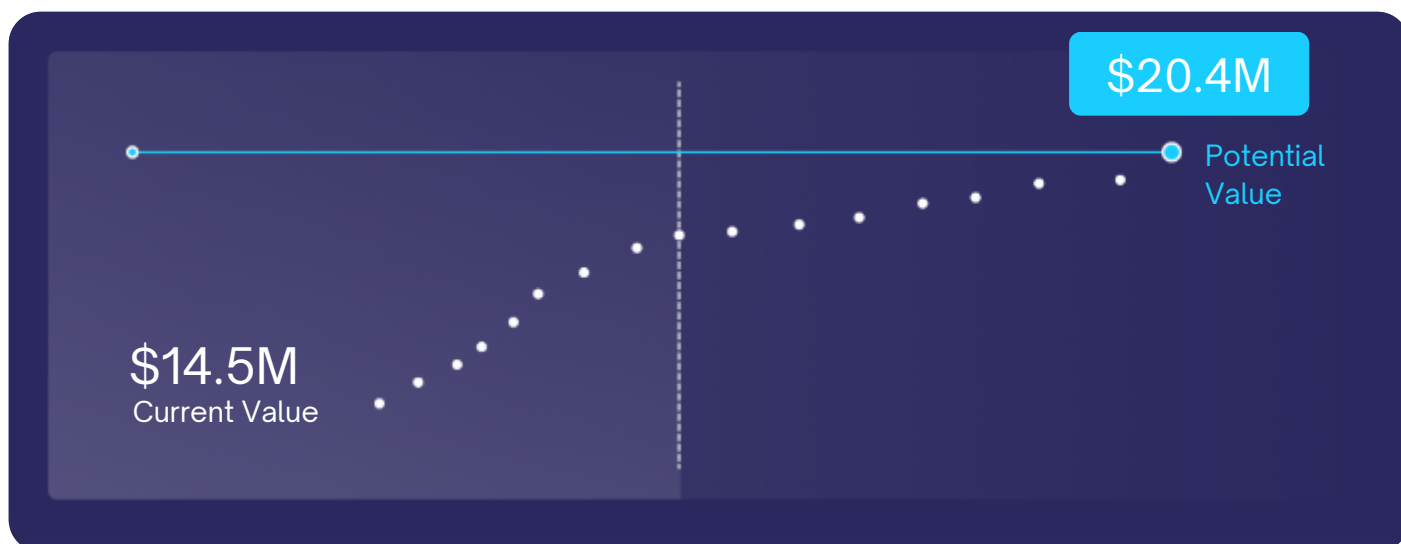
# Value

## >> Value Potential

3 of 4

As an owner, it's vital that you're intentional where you choose to invest and spend your time in the business. You have two important questions you need to ask yourself after reviewing all of the information provided in this assessment:

- 1 How much value do I need to create in my business to achieve my goals?
- 2 How much of that value is from scale, profit and non-financial aspects?



By using a Capitaliz advisor and the more detailed Business Insights Report you can get a far more accurate breakdown of your business valuation and the key value drivers, as well as an estimate of your value potential and the activities that need to be undertaken to maximise business value and achieve your goals.

Total Value Gap

\$5,904,022

# Value

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## >> Summary

4 of 4

The Capitaliz platform has been built specifically to assist businesses to maximise business value and achieve a successful exit. The platform includes Dynamic Revaluation™, which updates your business valuation live, as well as quantifies the steps to close your value gap and an implementation plan with tools. To drill down in more detail and identify your business value and how to close the value gap (including the implementation plan and the tools needed to close the gap).

To arrange a call with a Capitaliz adviser in  
your area

[Click here](#)

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This report provides an estimate of business value. It is not a formal valuation report. In no way should this assessment be deemed as a formal valuation for your business. This assessment has been designed to provide information to entrepreneurs about the important factors involved when valuing a company. The amount shared is not a promise or guarantee of what you may earn if you choose to sell your business.

The market doesn't determine the value of your business - you do.



Business Value &  
Value Gap Report