
12

**Most Influential Factors for Building
Transfer Value Within
Your Business**



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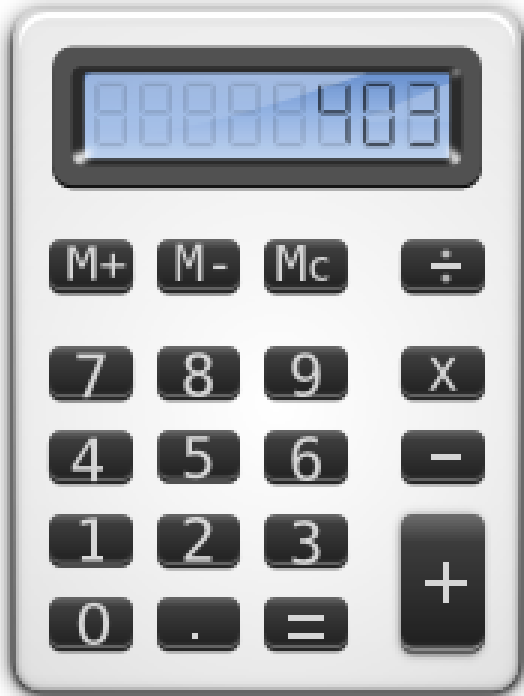
1. Actually Understanding **Value**

Value according to *Investopedia.com* is...

"...monetary, material or assessed worth of an asset, good or service."

Taking a **professional perspective** on this is the most reliable method of getting to grips with the subject of commercial (monetary, material or assessed) worth.

Get the mind of an **accountant** on this subject, complete with **rationale and terminology** so as to **fluently speak** the incumbent language of business value before you set your goals in sight.



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2. Get Contained

The **commercial containers** for which **transfer value is stored** in or carried in small businesses are called assets.

Accountintools.com defines an **asset** as such:

"An asset is an item of economic value that is expected to yield a benefit to the owning entity in future periods."

A business only has the ability to hold value if it holds assets itself. The idea of a small business being an asset in themselves is perhaps a little oversimplified, for **businesses are actually composites** as opposed to integers.

The more work done internally to develop and accumulate assets the greater **cumulative effect on overall business transfer value.**

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3. Attention To Detail

Transfer (market) value by definition is entirely **subjective** and thus there is no right or wrong answer to the question of 'how much is my business worth?'

As with any **commercial assessment** (given the financial risks) the business will undergo rigorous examination by prospective buyers.

Once the A-Z of a business has been placed under the microscope of scrutiny, serious buyers will line up a **series of questions** for any outstanding areas of uncertainty before **placing an initial bid**.

Screen out unserious buyers quickly (saving nerve for more mature stage negotiation) – **pre-empt possible questions** ahead of time and **prepare collateral** to deal with these.

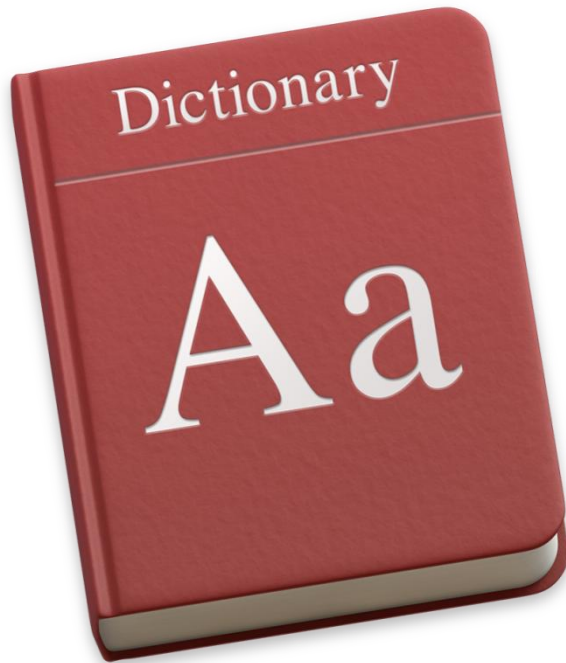
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4. Communicate Well

Do all you can to **become well versed in the industry talk** related to your business – get familiar with all relevant and even obscure **technicalities** and terms related to your **vertical** (your prized buyer might just speak a slightly diverse dialect to you and you wouldn't want this to throw proceedings).

Create collateral for presenting your business case to prospects. You should take a comprehensive approach as to leave nothing to chance.

Have your collateral **professionally drafted and approved** by **relevant experts** in the respective areas of business i.e. Ensure your financial records and projections for growth are viewed in detail by an accredited management accountant.



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5. Be Transparent

Be truthful in the representation of your business and put all the relevant detail upfront at the very earliest stages of your business sales process.

You want to ensure that you are **truly credible** and therefore in a stronger, more courageous frame of mind and countenance for tackling those tough **end stages of negotiation** where **endurance** will make all the difference in finishing the race successfully.

Leave no gaps – give explanations for all discrepancies or omissions and don't be ashamed of how things really are.

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6. Build **For Success**

Your **successor** is going to be the **best judge** for what you have developed over your tenure in ownership – they after all will have paid the price and then to taste first hand the fruits of your labour.

For best results, adopt the attitude of doing all things with your successor in mind. Build now, as you are building for them, then – **picture them** and set your standards as if you have expectations of maintaining a **good relationship with them beyond the sale**.

Short changing them is only to short change yourself, you want them to truly benefit from their purchase as you would want to yourself. Also, you want to **responsibly handover the business** having clear conscience toward your existing staff, suppliers, partners and customers depend on your enterprise.

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6. Serve Excellently

Serving your customers to their satisfaction is one thing, but serving with true **excellence** is where the real rewards abide.

Making a point of **empowering your customers** with the full stretch of your **expertise** before they invest, or even more so, *even* when they invest with your peers is by definition service, which should always be **unconditional** and without obligation.

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7. Be Productive



Whether your focus as a business is in delivering either services or products – **develop a suite of proprietary products** which will suffice as vehicles for the carrying of asset value, to the **benefit of its overall worth**.

Whatever your take on which products to build, ensure **plenty research** involving existing, new additions and old customers as primary contributors **identifying the most costly areas of challenge**. This wealth of insight will suffice as **justification** for product development,

Good value proprietary products for service businesses include such as *frameworks, calculators, resource libraries etc....*

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8. Listen With Care

Building transfer value takes investment.

Be sure your investment will **serve** you best by firstly serving those whom you hope will eventually buy.

Service is completely dependant upon the dictate of the customer, which can change at any given moment. Vendor presumptions can seriously damage prospects of a **successful asset disposal** (sale).

Be sure to exercise considered **due diligence** before taking the leap into **product R&D**.

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9. Exercise **Authority**

Write, write...and write some more.

In this day and age where **self-authored content** demonstrating the understanding of vendors towards buyers, you simply cannot afford to miss out on leveraging all important transfer value from a well coordinated **library of business collateral**.

If this authorship is undertaken with **application** and **virtue**, genuine industry **authority is exercised** with an audience in hand comprising of participants throughout the vertical **seeking prospectively** after the potential benefits of upgrading from simply listening to you, to actually doing business with you.



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10. Problem Solve

Uncovering the most stubborn, **deal breaking obstacles** in the process of an eventual transfer and **solving those issues in advance** will can save much anguish later on down the line.

Where taking the time to address such potential problems, indeed may add length and labour to your tenure of ownership, but firstly, ensure that all things are done well giving you a **better prospect of success** once you eventually engage in negotiation.



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11. Invest



Gains for tomorrow are born of sacrifices today. Be willing to make prudent investments of your personal time and resources against well founded **business improvement proposals**.

Be realistic in your outlook and in the assessment of **necessary outlay** again, short changing in this process will only lead to your short fall in the end – remembering the costs of being involved within the time consuming sales negotiations process of a business transfer.

With all that **commitment** made in the lead up to being locked into the sale cycle, you will really want to ensure that once you have serious interest, **sufficient** care has been invested beforehand to ensure a **good finish** to your race once the end is in sight.

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12. Think Vertically

Your **buyer prospects** for an eventual business transfer may actually arise from **any participant category within your vertical**.

The **motive for purchase** could be integration, expansion, diversification, protection, asset acquisition, or any combination of the aforementioned.

Ensure that your business has in-built, inherent value aimed at enhancing each anticipated motivation of a prospective buyer as detailed above.

Make it easy for prospects to assess suitability of your enterprise placing their **confidence** in the prospect of its purchase assisting them in **their future commercial goals**.

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- [Valuation](#)
- [Business Ownership Tips](#)
- [Small Businesses For Sale](#)
- [Interviews With Small Business Owners](#)

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