



Mergers & Acquisitions • Business Valuations • Financial Services

Grow Your Wealth Through the Sale of Your Business

Maximize the Value of Your Business

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For most business owners, investors and shareholders, a large portion of their wealth is tied up in the business they spent years growing. Business owners typically desire to maximize their wealth by growing their business. Upon the sale of their business, the proceeds often times are used to support their preferred retirement life-style or support worthy charitable organizations. The following are some suggestions for maximizing the value of your business:

Strengthen the operational efficiency of your business. Buyers desire a company with a solid management team in place, current inventory, and procedures that produce consistent results. Developing internal systems which are considered “best practice” will strengthen the overall value of your business.

Develop a diverse customer base to avoid concentration only on a few customers. Maintain excellence in quality and service, retaining the current customer base while attracting new customers. Buyers consider a heavy customer concentration as a negative attribute when considering a potential acquisition.

Maintain an organizational structure that reduces the dependence on one or a few individuals. When the key leaders and managers are away from the business, it should run smoothly in their absence as well as when they are present. Hiring the right people, providing training, developing leaders, and having a solid management team are key factors in maximizing the value of your business. A sound management leadership team is an invaluable asset when it is time for an ownership transition.

Maximize EBITDA. While many owners/shareholders think in terms of net income or taxable income when considering the profitability of their business, purchasers are also concerned with the “EBITDA” or earnings before interest, taxes, depreciation, and amortization. Purchasers are interested in how much cash flow is available to pay off debt, invest in capital expenditures for expansion, and fund the operating needs of the business. EBITDA, used in conjunction with other valuation models, more closely approximates cash flow and will often be used as a basis from which pricing calculations are made.

Often, business owners/shareholders are motivated to reduce their taxable income by expensing discretionary items or elevating owner compensation through the company. Although this is a common strategy for the owner who wants to reduce taxable income and doesn't expect to sell the business, when selling, the owner should demonstrate profitability. An experienced mergers and acquisition professional, working with your CPA, can significantly increase the selling price of your company.

Structure the best deal by focusing on “after tax” dollars. Much can be done to reduce the taxes paid on the sale of a business. It pays to engage a good certified public accountant and estate planning attorney to work with your mergers and acquisition professional. Remember it is not how much you receive for your business, but how much you keep after taxes are paid.

Growing your net worth or wealth is hard work, but maximizing it during an ownership transition is an excellent opportunity to accomplish that objective. NuVescor professionals are very skilled at maximizing the value of your business. NuVescor will help you convert your enterprise into a return on your effort and investment to best enable you to accomplish your life long goals.

Contact us for a complimentary confidential valuation in which we will share best strategies and practices to help you accomplish your goals and objectives. For more information, please visit our website at www.nuvescor.com.



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