



## Part of the Washington SBDC Podcast Series

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### **Build Value in your Business:**

- What do you think your business is worth?
- What would you change if you wanted to sell your business?

### **Areas to address to add value:**

*Dependence on Management is important in the beginning.*

- Owner must create good management systems for all areas of the business to replace manager-dependent systems. Remember to include marketing, personnel, production, operations, finance and record keeping. Good business systems do not necessarily mean more bureaucracy. Good systems mean that company practices and processes can be written to explain how things are done in the company.
- Reputation, image and goodwill: The value above the tangible equity/assets that a business has developed over time. Excellent customer service, positive community presence, and best business practices develop goodwill.
- Positive equity: Hard evidence that the owner is efficiently building the business. Positive cash flow, retaining profits and using debt only as leverage are three ways to build value or equity.
- Earnings or profits: This is paramount in determining value. Some profits must be retained to grow the business.

**Summary: Most small business owners are trying to make a living rather than build value. But you can make a better living and sell the business when the time is right by building value in your business.**

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