

Welcome to Maximizing Returns by Focusing on the Eight Drivers of Company Value

Presented by: Gelman, Rosenberg & Freedman CPAs and ENNIS Legacy Partners

The program will start promptly at 11:00 AM ET

Please note: Use the “Question” panel to speak with the administrator if you experience any technical issues while logging into GoToWebinar. For the best audio quality, please call-in by phone vs. connecting via your computer.

Call: +1 (631) 992-3221 | Access code/event number: 431-941-184

Housekeeping

General Information/Technical Questions



We strongly recommend that you connect by phone instead of your computer for the best audio quality. Call +1 (631) 992-3221. The event number is 431-941-184.



Please use the “Question” panel for any technical questions, or you may contact Dominic Acosta at dacosta@grfcpa.com.



This presentation will be recorded and made available to download at www.grfcpa.com/webinars/.

Housekeeping

CPE Credit

- **Important:** Three (3) CPE words will be provided during the presentation. Please write them down – we will not provide them again via GoToWebinar or email (no exceptions).
- Please complete the electronic survey that will appear automatically at the end of the webinar. Turn off your pop-up blocker (leaving it on could block the survey).
- Attendees seeking CPE for this presentation must complete the survey and enter all three CPE words. You cannot claim CPE unless we receive a completed evaluation with the correct words.
- Technical questions about the survey can be addressed to Dominic Acosta at dacosta@grfcpa.com.

Housekeeping

Webinar Objectives

Learning Objective
To understand the eight drivers of company value

Instructional Delivery Methods
Group Internet-based

Recommended CPE
1.0 CPE Credit

Recommended Fields of Study
Specialized Knowledge

Prerequisites
None required

Advance Preparation
None

Program Level
Basic

Course Registration Requirements
None

Refund Policy
No fee is required to participate in this session.

Cancellation Policy
In the event that the presentation is cancelled or rescheduled, participants will be contacted immediately with details.

Complaint Resolution Policy
Gelman, Rosenberg & Freedman CPAs is committed to our seminar participants' 100% satisfaction and will make every reasonable effort to resolve complaints as quickly as possible. Please contact kdavis@grfcpa.com with any concerns.

Disclaimer
This webinar is not intended as, and should not be taken as, financial, tax, accounting, legal, consulting or any other type of advice. Readers and users of this webinar information are advised not to act upon this information without seeking the service of a professional accountant.

Maximizing Returns by Focusing on the Eight Drivers of Company Value

Co-hosted by Gelman, Rosenberg & Freedman CPAs and ENNIS Legacy Partners

Presenters

Walter H. Deyhle, CPA/ABV/CFF, MAFF, CExP™, CEPA

Tax Partner and Director of Tax and Exit Planning Division

Gelman, Rosenberg & Freedman CPAs

Pat Ennis, CExP®, CAP®, CFP®

Founder & President

ENNIS Legacy Partners

Moderator

Patrick Crosby

Senior Tax Manager

Gelman, Rosenberg & Freedman CPAs

Our Team

Meet Your Instructors



Walter H. Deyhle, CPA/ABV/CFF, MAFF, CExP™, CEPA

Tax Partner and Director of Tax and Exit Planning Division

Gelman, Rosenberg & Freedman CPAs



Pat Ennis, CExP®, CAP®, CFP®

Founder & President

ENNIS Legacy Partners

GELMAN, ROSENBERG

& FREEDMAN *Certified Public Accountants*



*www.grfcpa.com
www.ennislp.com*

Poll Question #1

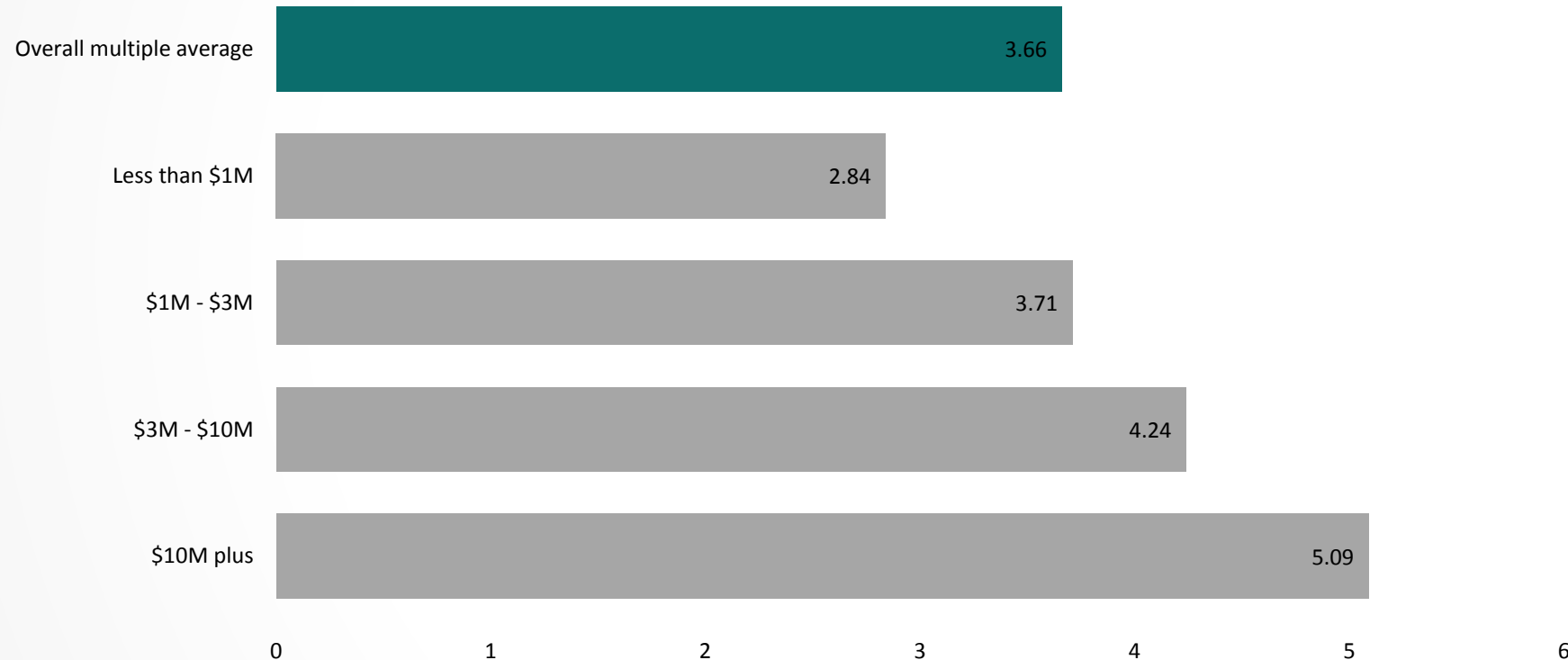
How much revenue does your company generate?

- A) Less than \$1 million*
- B) \$1 - \$10 million*
- C) More than \$10 million*

The Two Macro Factors of Evaluation

Bigger Companies Get Better Multiples

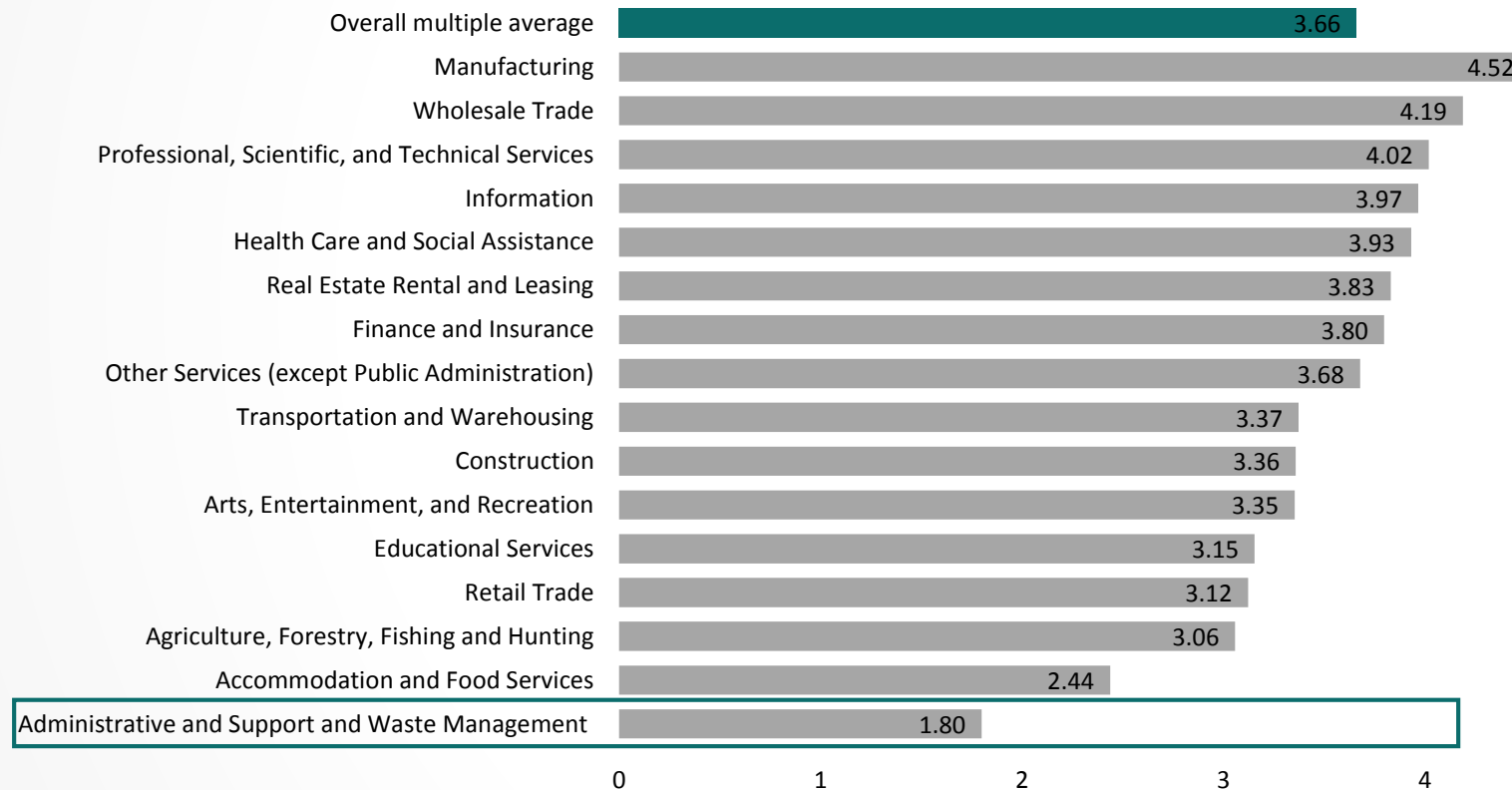
Company Annual Revenue, Most Recent Year



www.ValueBuilder.com copyright 2017

Your Industry Impacts Your Value

Line of Business



www.ValueBuilder.com copyright 2017

This is Jill



She sold her \$11 million company...

... for \$38.8 million

*Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com*

GELMAN, ROSENBERG
& **FREEDMAN** *Certified Public Accountants*



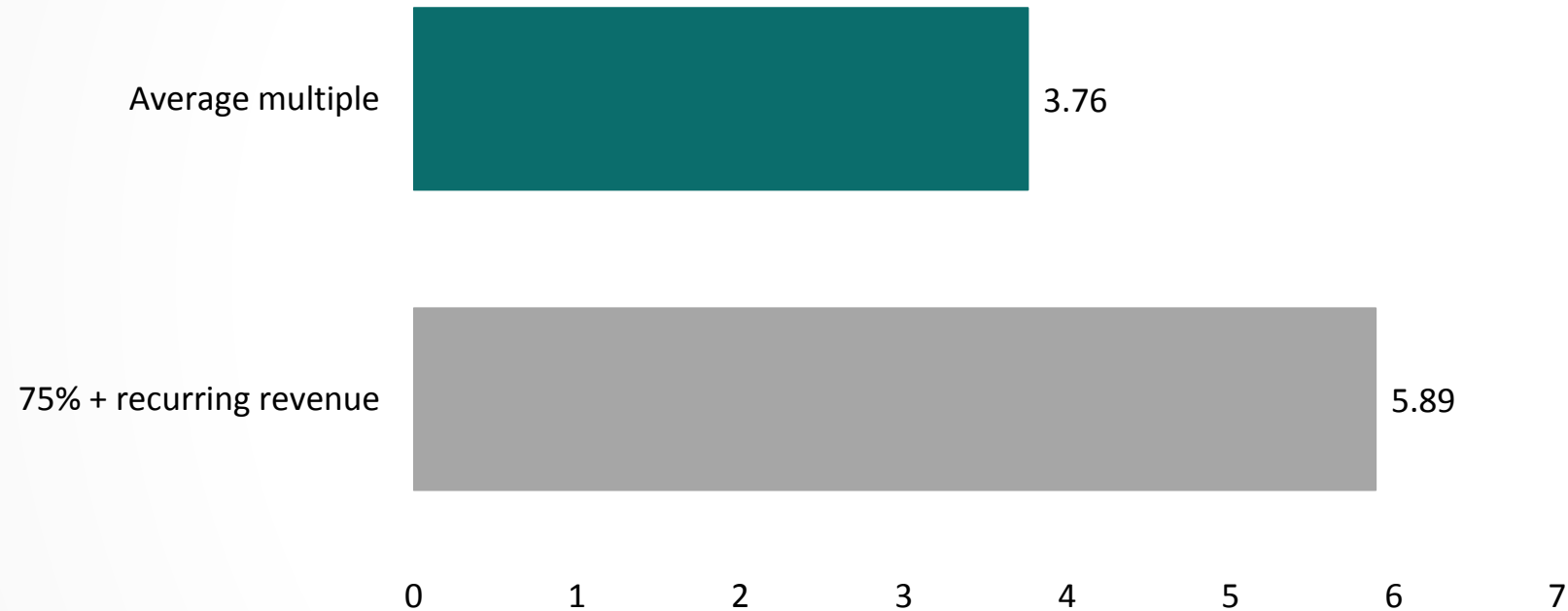
www.grfcpa.com
www.ennislpc.com

There Must Be Something Else...

Create Recurring Revenue Streams

Companies With 75%+ Recurring Revenue Get Much Better Offers

Comparing average multiple offered



Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com

The Subscription Model

Sonu Panda and Bryan Burkhart

Co-founders H Bloom

"Our revenue - in fact our entire business - is very *predictable* because we know how many subscribers we have each month."



GELMAN, ROSENBERG

& FREEDMAN *Certified Public Accountants*

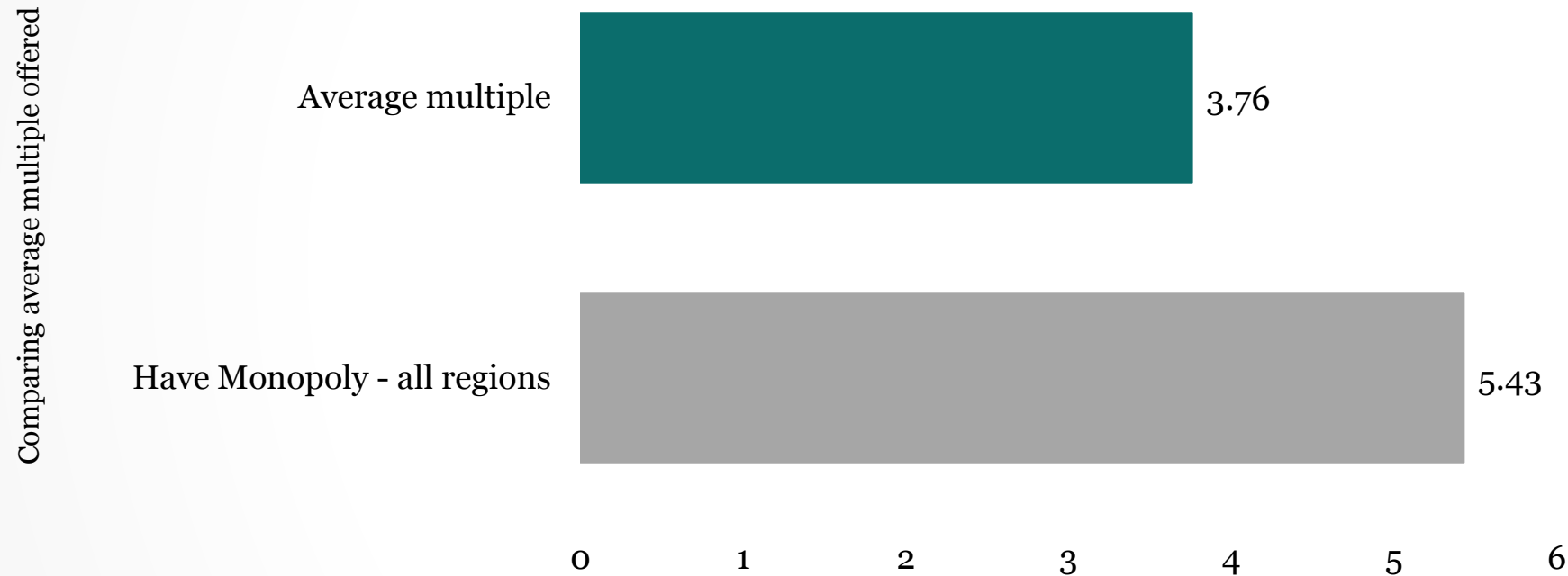


www.grfcpa.com
www.ennisl.p.com

Monopoly Control

Build vs. Buy

Companies With a Monopoly In Their Market Get 50% Higher Offers



Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com

This is Stephanie



She sold her \$9 million company...

... for \$54 million

GELMAN, ROSENBERG
& **FREEDMAN** *Certified Public Accountants*



*Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com*

*www.grfcpa.com
www.ennislpc.com*

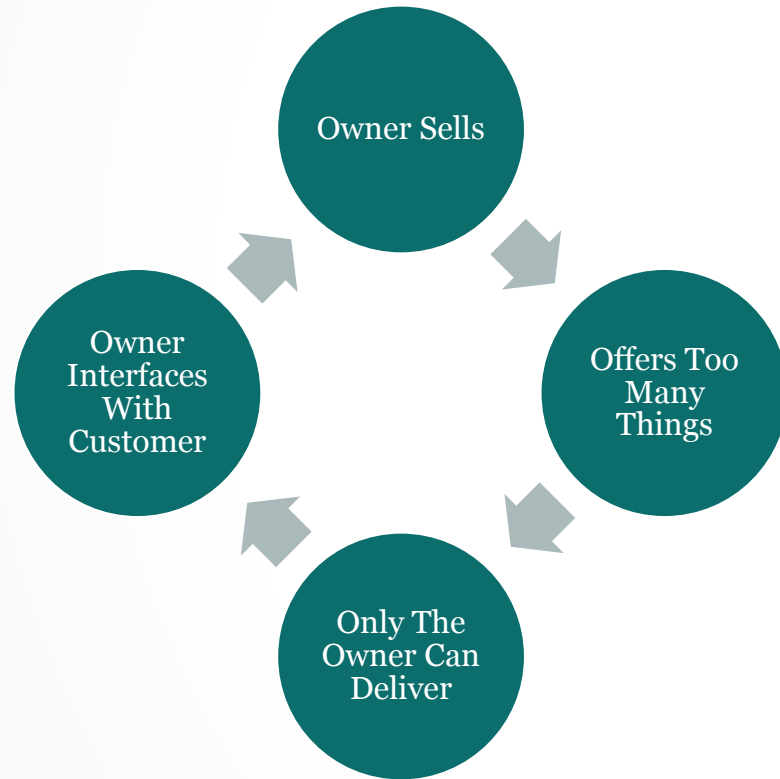
Sell More Stuff to
Parents



Find More Parents
With A Family

Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com

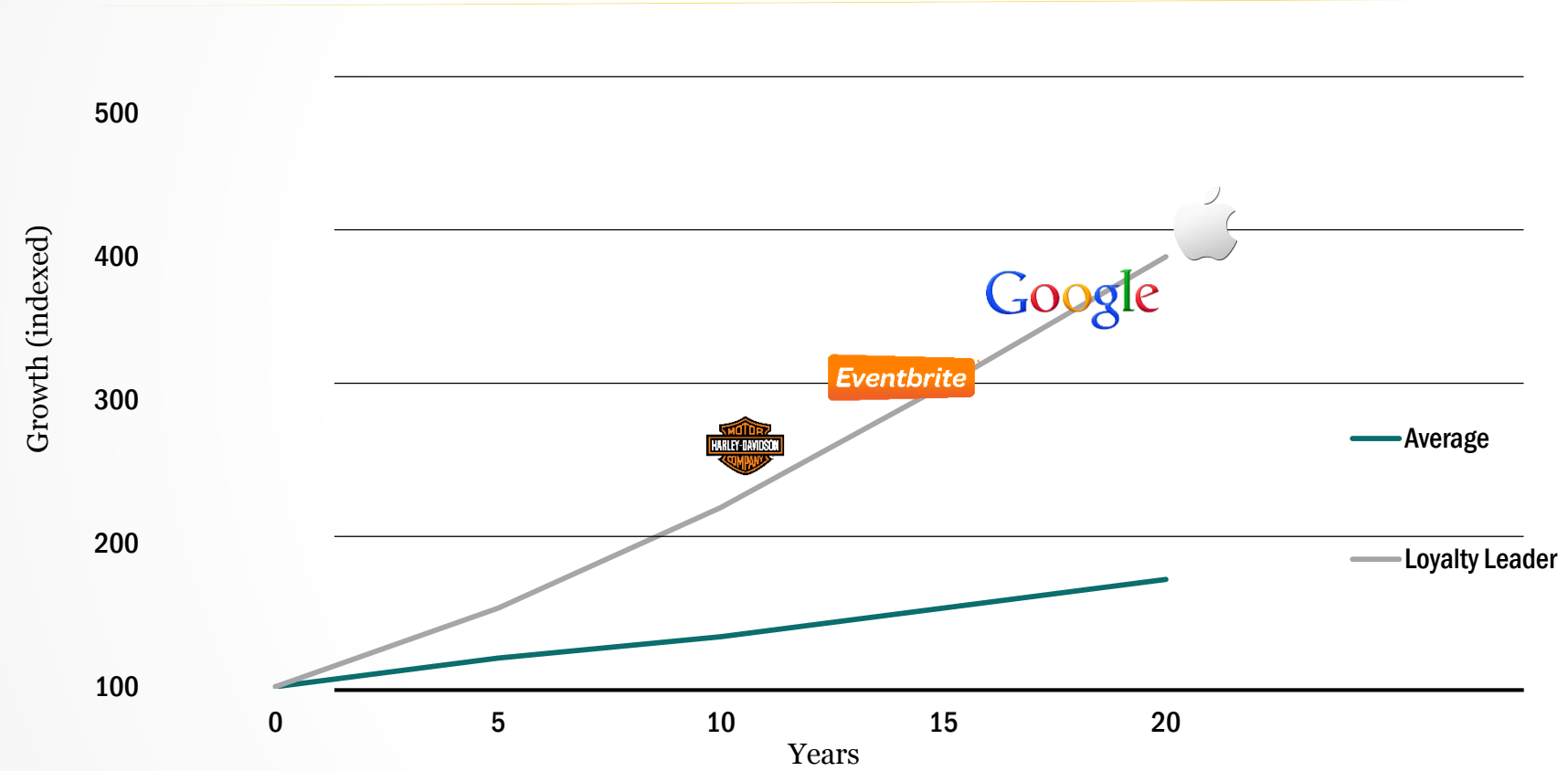
Signs You're in the Owner's Trap



How Likely Are Your Customers To Recommend You?

Net Promoter Score

Customer Promoters Drive Value



Net Promoter® and NPS® are registered trademarks, and Net Promoter Score and Net Promoter System are trademarks of Bain & Company, Satmetrix Systems and Fred Reichheld. © 1996-2013. Bain & Company

Calculating Your Net Promoter Score

% of Promoters	25%
% of Passives	70%
% of Detractors	<u>5%</u>
Net Promoter Score	20%

Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com

“We love NPS and encourage all of our portfolio companies to use it.”

-Blackbird Ventures

Poll Question #2

When did your company last calculate its net promoter score?

- A) In the past 12 months*
- B) In the past 3 years*
- C) Over 3 years ago*
- D) Never*

Switzerland



Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com

GELMAN, ROSENBERG
& **FREEDMAN** *Certified Public Accountants*



www.grfcpa.com
www.ennislpc.com

This is Rick



\$26 million in Revenue

Sold for 4x EBITDA

40% Upfront

40% 3-year Note

20% Earn-out

*Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com*

GELMAN, ROSENBERG

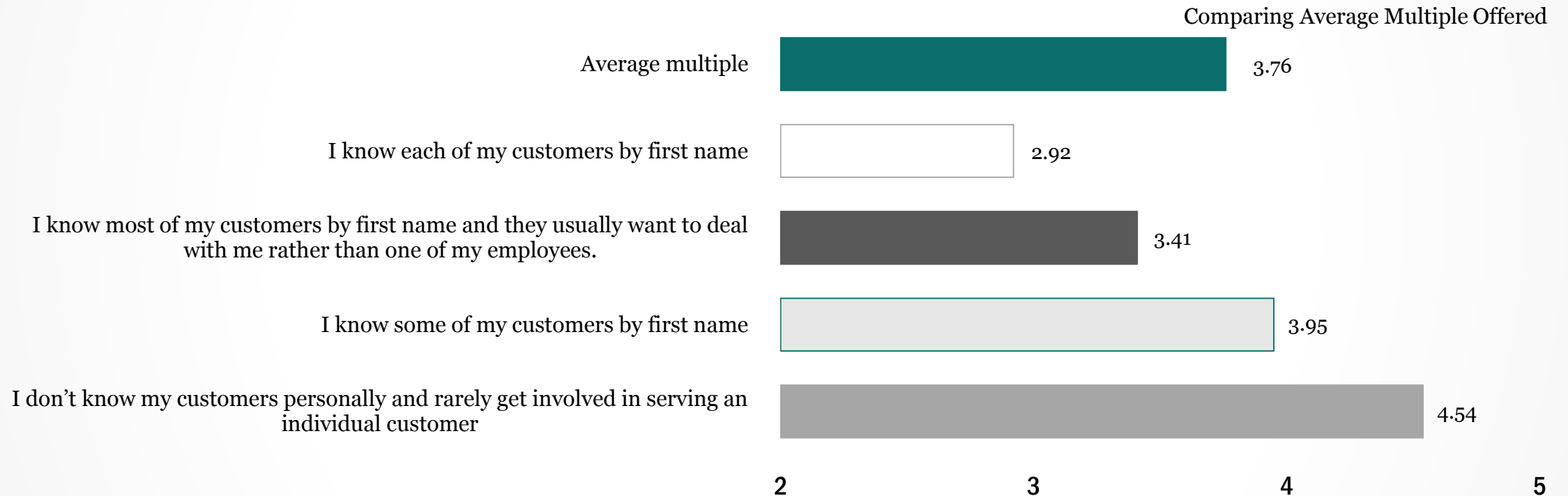
& FREEDMAN *Certified Public Accountants*



*www.grfcpa.com
www.ennislpa.com*

Owner Of The Customer Relationship

“What multiple of your earnings did the offer represent?”

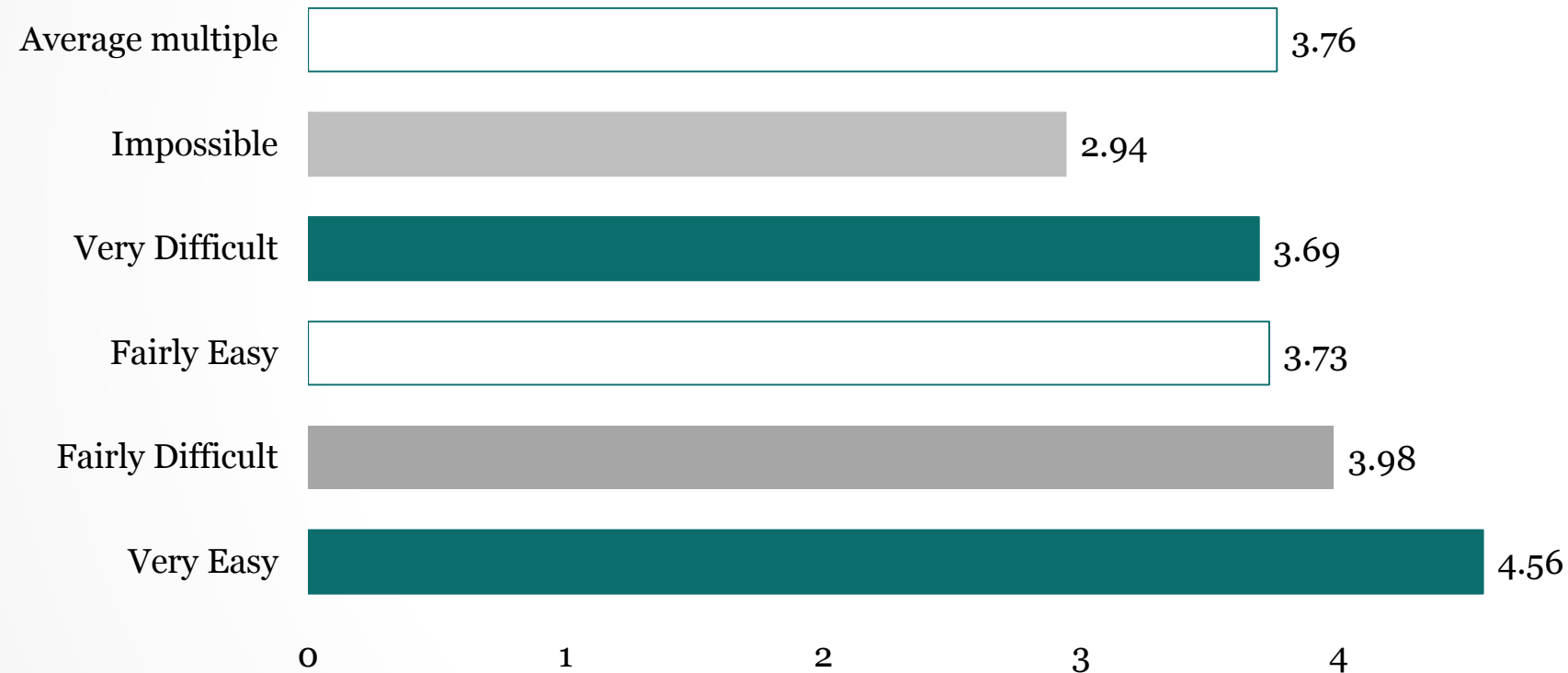


Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com

Growth Potential

How Easy Would It Be To Accommodate 5 X Demand?

Comparing Average Multiple Offered



Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com

There's Still Some Field Yet To Go Plough And Harvest

This is Rod



He sold his \$2 million company...

... for \$35 million (15M up front)

*Copyright © 2017 Built to Sell Inc.
www.ValueBuilder.com*

GELMAN, ROSENBERG
& **FREEDMAN** *Certified Public Accountants*



www.grfcpa.com
www.ennislpc.com

Poll Question #3

Which of the following best describes your motivation for participating in today's webinar?

- A) Ready to start planning my exit*
- B) Want to increase the value of my business*
- C) Want to have a more enjoyable business to run*

“8 Things Every Business Owner Should Know”

1. Industry and Revenue Are Important, But Not The Only Things
2. Recurring Revenue Is Critical
3. Focus on Selling Less Stuff To More People
4. 50% + Net Promoter Score
5. Reduce Reliance On A Single Customer
6. Reduce Reliance On A Single Employee
7. Reduce Reliance On A Single Supplier
8. Leave Some Field Left To Plough

What is Next?

Free Value Builder Assessment

A transferable, or sellable, business is key for more freedom and control now and at exit. Ask yourself these questions:

- Do I have the time and money freedom that I want?
- Does my future financial goals and security, and that of my family, depend on the future value and sellability of my business?
- Are my key employees and customer relationships transferable?
- Are my processes, systems, and technology transferable and can someone else learn them?
- Is my business culture so strong that it would have a positive impact on a buyer's business?

Visit: <https://ennislpc.com/free-sellability-score/>

A blurred background image showing a large crowd of people, likely at a conference or event, with a person in a dark suit standing out in the upper center.

Questions?

We would like to hear from you!

Get In Touch



GELMAN, ROSENBERG & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



4550 Montgomery Avenue, Suite 650N

Bethesda, MD 20814

(301) 951-9090 | www.grfcpa.com



Walter H. Deyhle, CPA/ABV/CFF, MAFF, CExP™, CEPA

Tax Partner and Director of Tax and Exit Planning Division

wdeyhle@grfcpa.com



9711 Washingtonian Blvd, Suite 550

Gaithersburg, MD 20878

(301) 859-0860



Pat Ennis, CExP®, CAP®, CFP®

Founder & President

pat@ennislp.com

Join us again

5-Part GovCon Webinar Series

January 23 | *Developing DCAA-Compliant Indirect Rates*

February 20 | *Projecting Indirect Rates for Proposals and Forward Pricing*

March 12 | *Developing Annual Indirect Rates Using the DCAA ICE Schedule*

April 2 | *Understanding the Impact of FAR Part 31.2 Cost Principals on Indirect Rates*

April 23 | *Understanding the Cost Accounting Standards (CAS)*

More information and registration at www.grfcpa.com/resources/webinars.

Disclaimer

This webinar is not intended as, and should not be taken as, financial, tax, accounting, legal, consulting or any other type of advice. While we use reasonable efforts to furnish accurate and up-to-date information, we do not warrant that any information contained in or made available in this webinar is accurate, complete, reliable, current or error-free. We assume no liability or responsibility for any errors or omissions in the content of this webinar.

The use of the information provided in this webinar does not establish any contractual or other form of client engagement between Gelman, Rosenberg & Freedman P.C., ENNIS Legacy Partners and the reader or user. Any U.S. federal tax advice contained in this webinar is not intended to be used for the purpose of avoiding penalties under U.S. federal tax law. Readers and users of this webinar information are advised not to act upon this information without seeking the service of a professional accountant.