

Value Optimisation Factors



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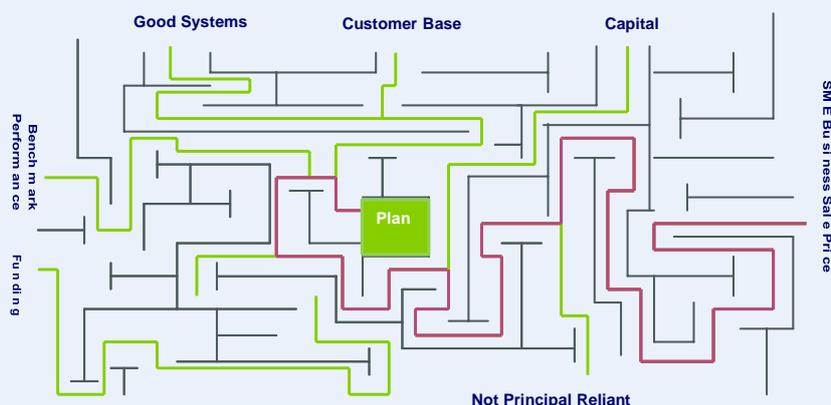
What are value optimisation factors?

Value optimisation is all about growing business value. Value optimisation factors are issues within the business that can be planned for and addressed prior to selling that will assist in a smooth sale transaction at the optimum price.

The key value areas for your business are growth, performance and succession. By focusing on optimising these areas, your business value will improve.

The path to value optimisation

The following illustration demonstrates the path you can take to optimise the value of your business;



How do I address value optimisation factors in my business?

The following table provides an indication of some of the industry best practice strategies that can be implemented to address these key value factors.

Value factor	Strategy to optimise	How to do this
Growth	Implement well defined business strategies and goals	<ul style="list-style-type: none"> • Growth plan • Alliance /network agreements • Joint ventures
Succession Planning	Plan for your succession	Commitment, documentation & implementation
Innovation	Introduction of new services	Business Life Planning
Performance	Improve WIP & debtors recovery	Introduce progressive billing & fee funding arrangements
Systems	Document processes & have up-to-date relevant technology	Upgrade systems & technology
Staff	Retention, attraction and performance improvement	<ul style="list-style-type: none"> • Introduce performance based incentive agreements • Implement personal development programs & leadership training
Client Retention	Review client services and referrals	Utilise/update Client Relationship Management Systems
Client Succession	Address your clients' succession requirements	Form alliance with an alliance partner and provide referrals

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By addressing all of the above value factors, you will improve profit, improve the value of your business, and maximise your position when it is time to sell.

Some of the barriers to improving the value of your business and achieving your desired sale price could include:

- Business being too principal reliant;
- Not spending enough time working on your business;
- Expenses out of control;
- Lack of client segmentation;
- Poor systems and processes;
- Unrealistic expectations about the value of your business

If any of these barriers are relevant to your business, these should be addressed.

How healthy is your business?

Your Score (1 - 5)

1 Poor - 3 Good - 5 Excellent

1. Have you segmented your customer sales to identify profitable products / service lines and customer risk?
2. Do you use benchmarking to identify you business' strengths and weaknesses?
3. Does your debtor's policy include incentives for early payment and personal guarantees for large customer accounts?
4. Does your approach to managing staff include capping salary increases and paying incentives for above budget performance?
5. Do you have systems and procedures in place to reduce the business' reliance on you, the business owners?
6. Do your business protection strategies include adequate risk management in case of an unforeseen triggering event?

Total Score _____

(a score of 26 and above means you understand and manage your business effectively; 19 – 25 indicates you are doing well, and are on the right track; below 19 indicates you may be operating below optimal levels, and could benefit greatly with slight improvements).

HBA Encompass can provide you with a `Value Driver and Risk Assessment' Questionnaire to conduct a comprehensive analysis of your business to identify factors which can maximise value.

Talk to HBA Encompass about ways we can assist to optimise your business value today!