

Please take a moment to review the valuable content in our newsletter.



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July 2018 - In This Issue:

**PREPARING TO SELL YOUR
BUSINESS - IMPROVING
PROFITABILITY**

INDUSTRY KNOWLEDGE

**A "QUALITATIVE" LOOK AT
BUSINESS VALUE**

WHAT IS MY BUSINESS WORTH

A "Qualitative" Look at Business Value

I had a conversation with a respected colleague recently about Business Value. We talked about how we typically measure Business Value - by what it produces - Quantitative aspects - Sales that lead to Income and Cash Flow. There is nothing wrong with that, but there is another aspect that perhaps deserves a look and it's the QUALITY of the Business for the Owner(s).

What is the Qualitative Value of a Business? Most business owners would say they are involved in their business 24/7/365 - all the time. Can the owner take time for family events, vacations? Will the business run smoothly

Preparing to Sell Your Business - Improving Profitability

Re-think your accounting procedures

In a previous issue there were 6 suggestions to help improve profitability:

- 1) stop running personal expenses through the business;
- 2) stop skimming unreported cash transactions;
- 3) stop expensing capital asset purchases;
- 4) improve inventory accounting methods;
- 5) improve accounting systems and track business metrics to identify opportunities for improvement; and
- 6) review all tax minimization accounting policies and replace with profit maximization accounting policies.

Increase your gross margin percentage

One very significant opportunity to increase profitability is to increase your gross margin percentage - in other words, sell your products or services at higher prices. Many small businesses are concerned about losing customers over price increases, but if all you are doing is making the easy sale because you have low prices, you are probably leaving money (profitability) on the table. Dollar increases on the gross profit line of your financial statements usually fall directly to the bottom line on a 1:1 basis.

Improve your marketing and sales effort

Many small businesses are stuck in a rut and have significant opportunities to improve upon their sales and marketing efforts - both of which can substantially increase profitability. Implementing changes in your traditional methods of advertising and marketing (which many small companies don't do at all) can sometimes significantly increase revenues. Reviewing and changing or updating selling methodologies and techniques can often lead to revenue improvements. Read this article for more information:

while the Owner is away? If it can, that's great. If it can't, what needs to happen to allow for better Quality of Life for the Owner? Management of a business is not easy. Managing the business so that the Owner has BALANCE between the needs of the business and personal needs requires a different focus. How can that balance be achieved? Sometimes it can be achieved by developing strong managers and empowering them to do their jobs, sometimes by replacing and upgrading personnel, and most important is a change in focus and philosophy by the Owner.

We advise business Owners with the sale of their businesses. It is extremely rare to have an Owner regret selling too soon. The converse is that it's OFTEN that an Owner regrets waiting too long to sell. Take a look at the Quality of your life as an Owner. Is it good, just OK, or do you need to access and make some changes?

WHAT IS MY BUSINESS WORTH

It will cost you absolutely nothing and there is no obligation in giving us a call or an email to request a simple valuation of your business. Relying on a professional that understands your industry is important. It is also wise to work with someone who is aware of current trends; and that is working with both buyers and

Develop or improve your website

In today's world, having an internet presence with an interesting and informative website is imperative. Website development and improvements to existing websites can provide a significant return on a relatively inexpensive investment.

Consider marketing automation

Recent developments in marketing automation offer very significant opportunities to maintain continual contact with your existing customers (to sell them more services and products), to help develop and close sales leads, and to garner new customers. The opportunities for significant revenue growth through marketing automation are very real, and the cost is inexpensive when weighed against the benefits (which are amazing!). Because you have to flowchart your selling processes and develop (one-time) written communications, marketing automation can be somewhat complex to implement. But if you can commit to implementation, the rewards can be astounding!

Evaluate cost reduction options

Profitability can also be improved through cost reductions. Evaluate your staff and eliminate under-performing employees and/or unnecessary positions. Determine whether under-performers must be replaced, or is it possible their functions can be handled by other employees? Streamline, but do so without impacting the effectiveness of the organization. Review and evaluate all service and product costs with an eye to reducing expenses. Eliminate discretionary expenses. Consider the possibility of renegotiating supplier/vendor pricing. Is it time to consider obtaining bids/quotes from alternate suppliers and vendors? On the other hand, the desirability of cutting costs to improve profitability needs to be balanced against maintaining a stable and motivated workforce with positive morale. In addition, when selling a business, it's important to have positive relationships with your key suppliers and vendors.

INDUSTRY KNOWLEDGE & ACCESS TO BUYERS NATIONWIDE

Our presence as a Professional Business Broker is extended nationally as a result of being associated with associates located nationwide. We also bring decades of experience and functional expertise in all the popular market segments as a



sellers daily. This approach insures you plan for and receive the maximum return on the transfer of your business.

result. Nothing takes the place or value in that of experience.

We partner with our clients to deliver solutions that help solve their most complicated needs prior to, during, and at the conclusion of the selling process. Our services are designed specifically to help small/medium size businesses and at a small business price. We go beyond the norm to develop new insights, prepare, market and drive results in the sale, thus insuring you receive the most value at closing.

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Next Issue

*Preparing to Sell Your Business - Create
New Systems & Document Your
Operations*

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