



Built to Sell!

**Building Wealth, Value, Profits &
Equity in your Business:**

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SELLABILITY SCORE

Congratulations!

Your Overall Sellability Score: **78**
Financial Buyer

0 — Internal buyer — 50 — financial buyer — 80 — strategic buyer — 100

Your Sellability Score is calculated through an analysis of your company's performance on seven factors that have been proven important to acquiring companies. Your Sellability Score is derived from the sum of these seven scores using our proprietary weighting model developed using a quantitative survey of businesses with between \$50,000 -- \$100,000,000 in annual revenue.


- + Internal Buyer (Score: less than 50 | Below Average Multiple)**
- Financial Buyer (Score: 50 - 80 | Average Multiple)**
Those companies scoring in the 50 to 80 point range generally sell within the average range of industry multiples being paid for businesses like yours (consult a database like "Pratt's Stats" or talk to your adviser about the average multiple currently being paid for a business in your industry).
While companies with a Sellability Score of between 50-80 can opt for a higher offer, those with a score of 80 or higher will typically receive a higher offer by selling your business to an external buyer.

DO YOU OWN A BUSINESS YOU COULD SELL?



GET YOUR SCORE

BUILT TO SELL



Creating a Business That Can Thrive Without You

JOHN WARRILLOW
FOREWORD BY BO BURLINGHAM,
Author of SMALL GIANTS



Savings

Home

Investing

Your Nest Egg(s)

Your Business



The Other Nest Egg

Why businesses are difficult to Sell



Who would buy it?



- **Financial Buyers**

- **Strategic Buyers**



Valuation Methods

- Value of Sales
- Value of Assets
- Discounted Cash Flow
- Multiple of EBITDA

E=Earnings

B=Before

I=Income

T=Taxes

D=Depreciation

A=Amortization



How much will they pay?



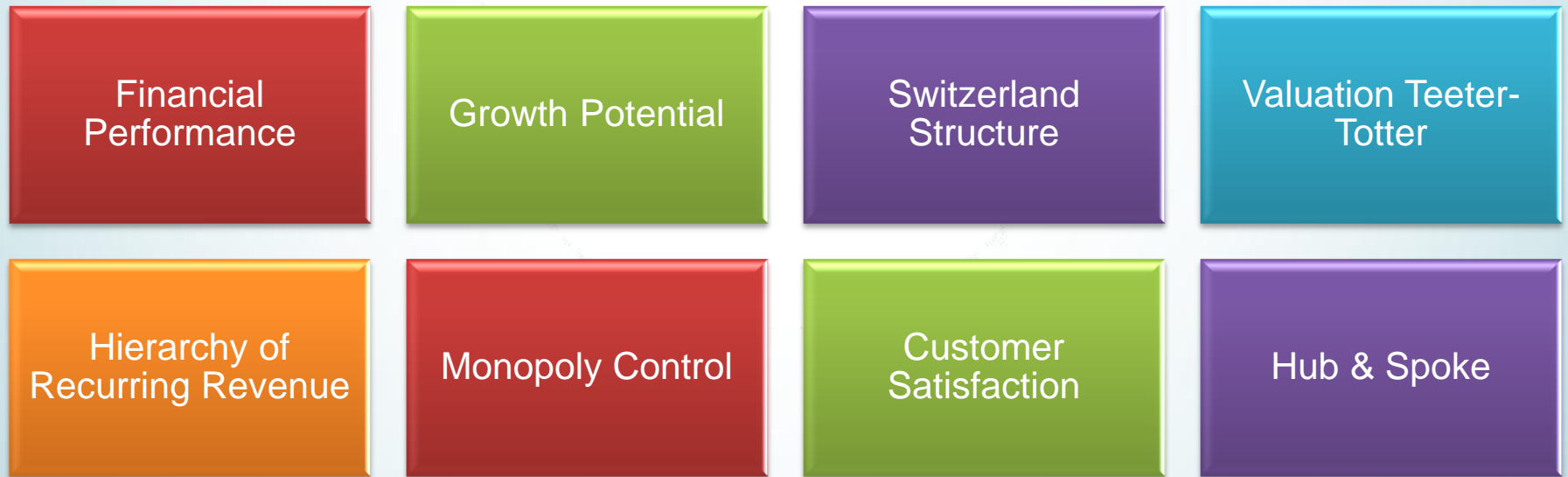
Year	EBITDA	5% Disc.	15% Disc	50% Disc
1	\$100,000	\$95,238	\$86,957	\$66,667
2	\$100,000	\$90,703	\$75,614	\$44,444
3	\$100,000	\$86,384	\$65,752	\$29,630
4	\$100,000	\$82,270	\$57,175	\$19,753
5	\$100,000	\$78,353	\$49,718	\$13,169
6	\$100,000	\$74,622	\$43,233	\$8,779
7	\$100,000	\$71,068	\$37,594	\$5,853
8	\$100,000	\$67,684	\$32,690	\$3,902
9	\$100,000	\$64,461	\$28,426	\$2,601
10	\$100,000	\$61,391	\$24,718	\$1,734
		\$772,174	\$501,878	\$196,532

8X

5X

2X

8 Factors Driving Value



1. Financial Performance



Size



Risk



2. Growth Potential

20% Annual Growth

Year	EBITDA	25% Disc.	EBITDA	25% Disc
1	\$100,000	\$80,000	\$100,000	\$80,000
2	\$100,000	\$64,000	\$120,000	\$76,800
3	\$100,000	\$51,200	\$144,000	\$73,728
4	\$100,000	\$40,960	\$172,800	\$70,779
5	\$100,000	\$32,768	\$207,360	\$67,948
6	\$100,000	\$26,214	\$248,832	\$65,230
7	\$100,000	\$20,971	\$298,598	\$62,621
8	\$100,000	\$16,772	\$358,318	\$60,116
9	\$100,000	\$13,422	\$429,982	\$57,711
10	\$100,000	\$10,737	\$515,978	\$55,403
		\$356,994		\$670,336

3.6X

6.7X

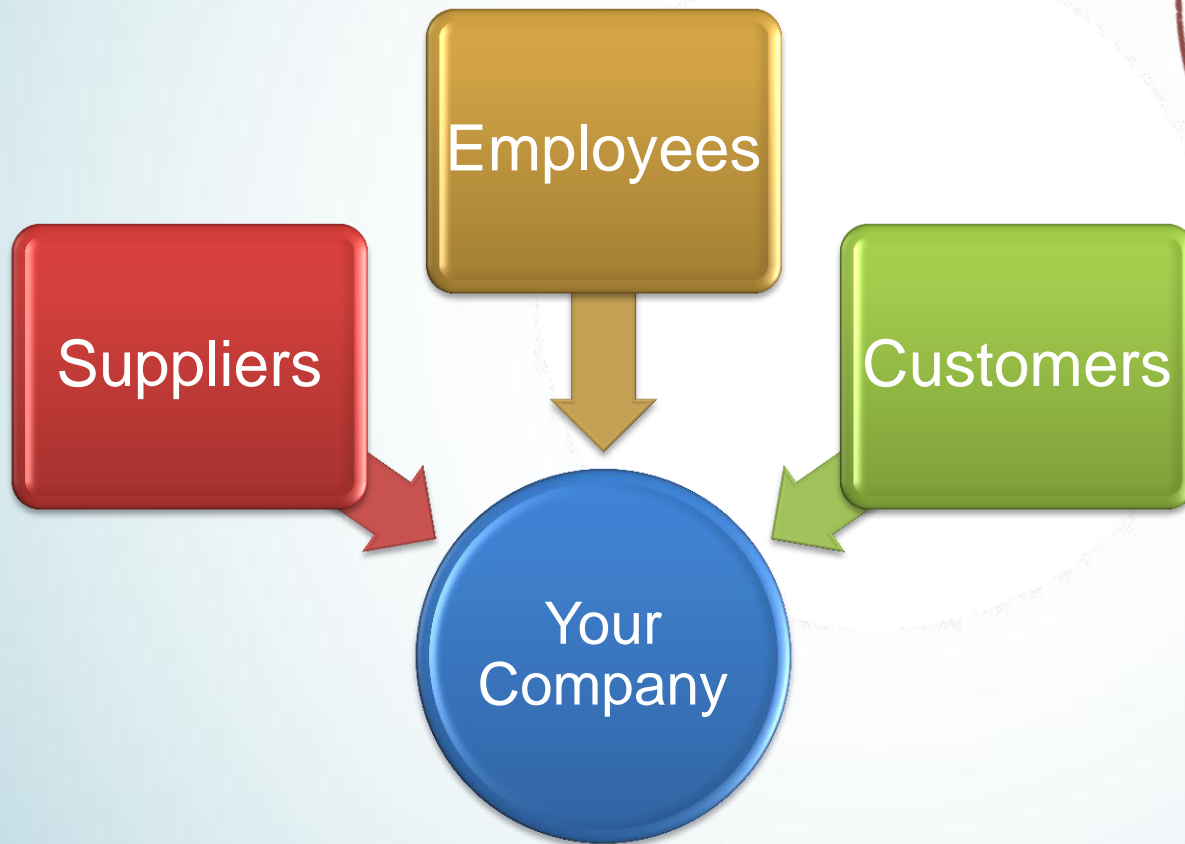
Growth Opportunities

Geographic
Scalability

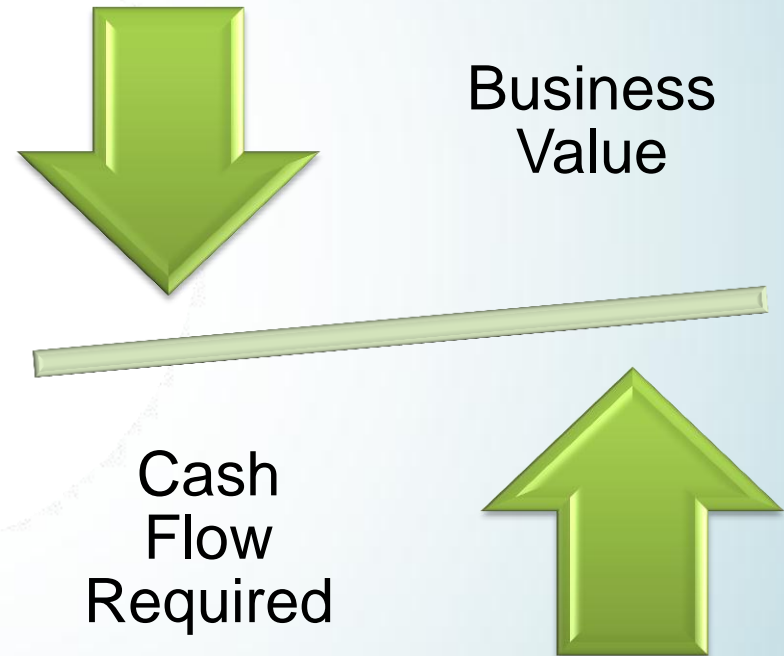
Horizontal
Scalability

Vertical
Scalability

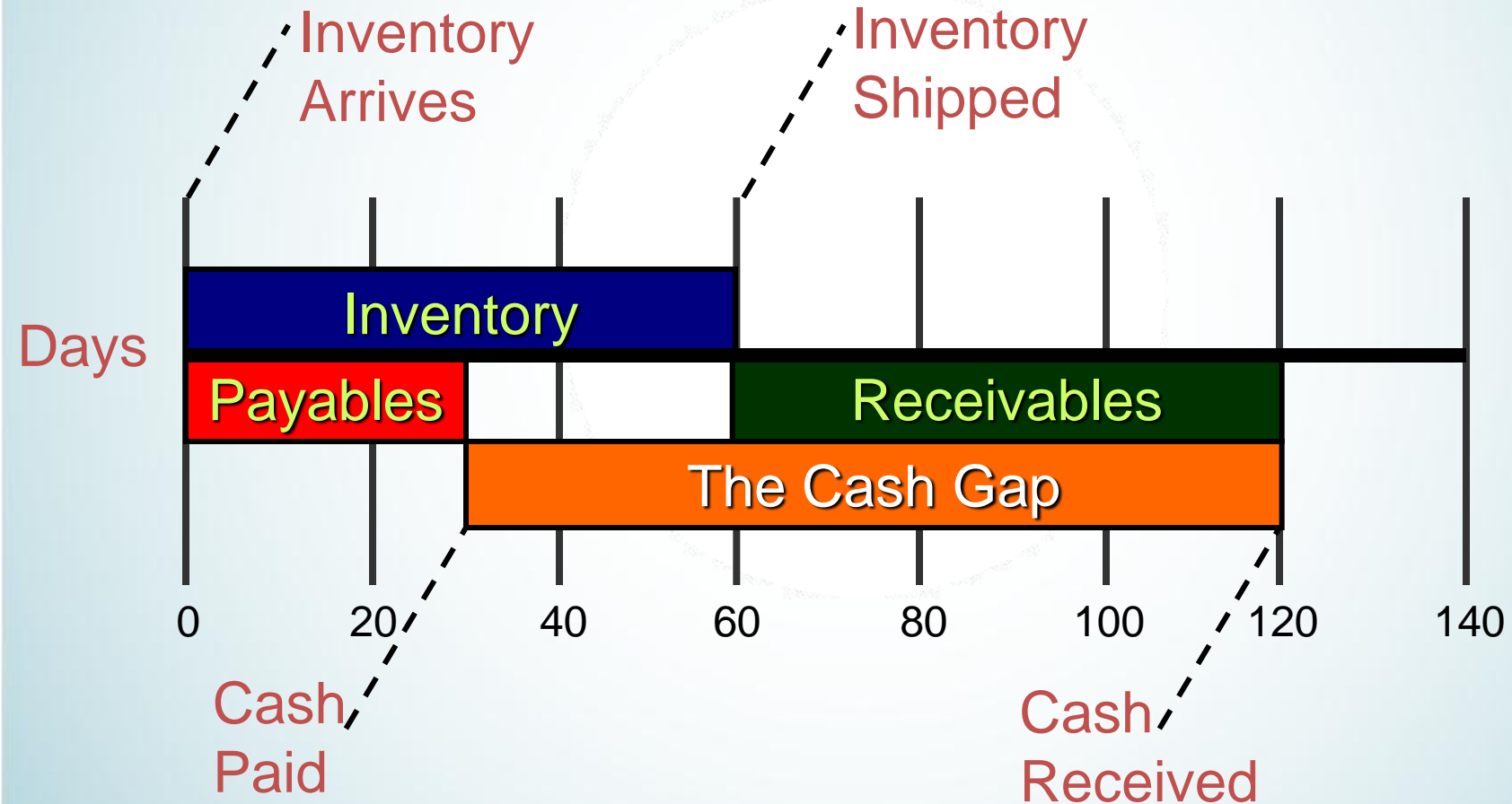
#3. Switzerland Structure



4. Valuation Teeter-Totter



Cash Gap



Revenue Drivers



#1: Contracts

#2: Automatic-renewal subscriptions

#3: Sunk-money renewable subscriptions

#4: Renewable subscriptions

#5: Sunk-money consumables

#6: Consumables



6. The Monopoly Control



#7. Customer Satisfaction

Net Promoter Score

0-6 (Detractors)	7-8 (Passives)	9-10 (Promoters)
20%	40%	40%

Net Promoter Score = 20 (Average: 10-15)

How Likely to Refer to Friend or Colleague ?



#8. Hub & Spoke

THE SELLABILITY SCORE

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1. Your Profile

2. Your Business →

3. Your Customers

4. Customers Continued

5. Your Staff

6. Think Ahead

7. Facts & Figures

8. Selling Your Business

9. Your Result

Your Business

1. In one sentence, how would you describe your business to a new acquaintance (i.e. what does your company do?)

2. Would you say that your industry is:

- In decline
- Growing at about the rate of the economy
- Growing a little faster than the economy
- Growing much faster than the economy
- Unsure

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Self Assessment Tool

SELLABILITY SCORE

1. Your Business

2. Your Customers →

3. Your Staff

4. Think Ahead

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8. Your Advisor

5. Typically, how often does your customer purchase your products/services:

- Once only
- Daily
- Weekly
- Monthly
- Quaterly
- Yearly
- Less often than yearly
- Unsure

6. Which of the following best describes your industry?

Manufacturing

7. How would your business perform if you were out of action for 3 months and unable to work? Would it:

- Hardly suffer at all, and survive
- Suffer a little, but survive
- Suffer a lot, but survive
- Suffer a lot, and not survive
- Unsure

Questionnaire

THE SELLABILITY SCORE

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Congratulations!

Your Overall Sellability Score: 65



There are three score ranges on The Sellability Score®:

+ Score: 80 - 100

- Score: 50 - 80

Companies scoring in the 50 to 80 point range can usually opt for either an internal sale or an external sale to a financial buyer.

Financial buyers typically acquire companies within a standard range of industry multiples. To find the typical multiple currently being paid for a business in your industry, consult a database like Pratt's Stats or talk to your advisor.

+ Score: less than 50

What does
SELLABILITY mean?



Franchisiting[®]

What is it?



[Get your Sellability Score Now!](#)

For more information contact:

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