



# BUILD FOR SALE!



GARY K. ALDRIDGE

Knowledge without action doesn't add value to your business. Take your new knowledge a step further.

Complete the exercises that follow and implement these changes into your business and start maximizing your business value today!

Enjoy!

Gary K. Aldridge



# Chapter 1

## Exercise 1: Taking out the Emotion: Buyer vs. Seller

| Seller's viewpoint: | Buyer's viewpoint: |
|---------------------|--------------------|
|                     |                    |
|                     |                    |
|                     |                    |
|                     |                    |
|                     |                    |
|                     |                    |

# Exercise 2: Crossing the Bridge

| Land | Air | Sea |
|------|-----|-----|
|      |     |     |
|      |     |     |
|      |     |     |
|      |     |     |
|      |     |     |
|      |     |     |
|      |     |     |
|      |     |     |



## Answer the following questions:

 **.1** WHAT is your current business value today?

 **.2** HOW much value do you want/need when you exit?

 **.3** WHEN will you exit?

 **.4** HOW will you get there?

 **.5** WHY will someone pay you that for your business? (Think like a buyer.)



**Disclaimer:** This model is for illustrative and teaching purposes only. It is not intended to follow the valuation standards and criteria as set forth by the AICPA or NACVA. Several factors could affect your actual business value such as:

Industry and economic risks, competition, changes in revenue growth, cost structure, or changes in buyer behavior etc.

There are no guarantees that you will be able to realize any value above or secure any financing based on this model.

# Chapter 4

## Exercise 5: Accountability

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# Chapter 5a

## Exercise 6: Turnover

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# Chapter 5b

## Exercise 7: Hire

When it's time for you to hire new people, how do you decide what kind of people you need? If you don't have criteria yet, use the list of questions below to build your standards for hiring. If you already have criteria, compare it against these questions to see what you might be missing.

### Questions:

1

List the most critical factors needed for this position to be successful.

2

Does this candidate have those factors listed above?

3

Will this candidate be a good fit for our corporate culture?

4

What is a fair and competitive compensation package (wage, benefits, time off) for this position?



5 What elements are most important to this person when it comes to their long-term employment?

6 What specific training is needed for this position to be successful?

7 What steps can we as a company take to treat this person with respect and make them feel accepted?

8 Will this person stay with our company for at least five years?

9 How would we rate this person on a five-star basis (1 is low, 5 is high)?

10 This hire will be considered successful when (fill in the blank)

# Chapter 7

## Exercise 8: Map it Out

"OK, what do I do now?" you might be thinking. This is where you start applying what we've covered, where you get creative, involve your team, and blend your people and your technology into a better business.

| Start with the following:                                                                                                                                                                                                                                                                                                    | Answers: |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>1. Map out your processes.</b> Literally draw them on a whiteboard with your team, tracing how your product or service actually gets to your customer today. Be detailed and patient.                                                                                                                                     |          |
| <b>2. Identify bottlenecks and opportunities for improvement.</b> One place to look is wherever the most labor dollars are being spent. Another way to find bottlenecks is to ask, "What would happen if we increased production by 10%, 20%, or 30%?" That question alone will surface bottlenecks you didn't know you had. |          |
| <b>3. Identify where technology can help.</b> Don't worry yet about what it is or what it costs. Just walk through your processes and mark where the opportunities are.                                                                                                                                                      |          |

| The Opportunity Process                                                                                     | Answers: |
|-------------------------------------------------------------------------------------------------------------|----------|
| <b>1. Time.</b> How much time does it take to get your product or service through a given point or gateway? |          |
| <b>2. Money.</b> How much money does each step in the process cost you?                                     |          |
| <b>3. Effort.</b> How much physical or mental effort does it take to get the product or service completed?  |          |



The places where you're spending the most time, money, and effort are your best candidates for automation. Once you've identified the opportunities, it's time to research your options. Is the technology available on the market today? If not now, it may be later. If it is available, what does it cost, and how long does it take to implement? (Fair warning: it always costs more and takes longer than the salesman tells you.) Once you've decided whether to build or buy, plug the cost into your cash forecast to see how it affects your cash flow. And whichever way you go, measure your return on investment before you build or buy, not after.

# Chapter 8

## Exercise 9: Store Profit

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## Exercise 10: KPI

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## Exercise 11: STARS

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# Chapter 12

## Exercise 12: Benchmarking

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# Chapter 14

## Exercise 13: Collateral Ability

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# Chapter 15

## Exercise 14: Risk

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