

Selling Your Business: A Primer for Maximizing and Monetizing Your Life's Work

By Holt Vaughn

The work of transforming dreams into reality is often what drives the intrepid entrepreneur. Most want to make their company as great as possible, then one day convert it into personal wealth through its sale. It's a formidable challenge, indeed, to create a meaningful business that serves a grateful audience, while building it into a sellable, highly valued company.

I used to love the precious hours spent playing with my six-year-old as we performed amazing exploits with his action heroes. Perhaps my favorite – I can still hear it clearly – was when in the course of our amazing imaginary events, he would loudly exclaim, "*Optimus: Maximize!!*" And his humble toy truck would veritably transform (in six easy steps, a marvel of toy engineering really) into a ready-to-rock legendary hero of epic proportions, ready to take on the world!

Great fun though it can be, if only it were that easy to maximize your business and turn it into a life changing liquidity event (aka, sell it for a great price). So, let's look at some ways to get and stay on that rewarding path!

Maximize and Monetize.

The dictionary of Oxford Languages defines maximize as "make the best use of" or "make as large or great as possible", as in "the company was aiming to maximize profits".

Maximize means you know there's great potential to take your business to epic proportions. If that is the case, then you must a.) define the path (strategy and tactics), b.) execute that strategy and those tactics with extreme prejudice, and c.) repeat to scale.

In other words, you are taking your dream and making it highly defined: alive, tangible, quantifiable (yes, that means a lot of numbers will be needed). It means going full stop, no compromise. If that sounds both exciting and daunting, that's because countless business leaders before you can join you in affirming, yes, it is!

The same dictionary has one of its meanings for monetize as “convert into or express in the form of currency.” “Monetize” is a fancy, overused word that works. For the businessperson, bluntly put, it simply means “turning your dream and hard work into hard cash”.

Those words make sense. If you are going to cash out of a boatload of long days, nights, and weekends, often after many years of strenuous effort, you want the payoff to be as lucrative as possible for all involved (that means the seller, the buyer, the audience/customer/client, etc.).

So here are a handful of to-do’s to get yourself started on, or further along the path to, maximizing and monetizing:

A vacuum sucks!

If you are going to build it and sell it, don’t operate in a vacuum! You don’t know what you don’t know, and going it alone is no way to maximize and monetize. In fact, it almost guarantees a less than optimum outcome. For great companies, great M&A deals are done with great people, so do not attempt to go about your maximizing and monetizing journey alone.

Time keeps on slipping... [slippin’, into the future...]

Time – whether it’s flying ‘cause you’re having fun, or dragging endlessly on in tedium due to frustrating bumps in the road – is slipping by. Getting overly caught up in the day-to-day, the mundane, or tyranny of the urgent, can result in literally years gone by before we wake up and realize we may have been working hard, but we haven’t been working on the right things.

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Whether you are a seasoned buyer and seller of companies, or a newbie, now is the time to catch up on today’s marketplace for your business value, and future possibilities and prognostications! Read that book, study those white papers, listen to that podcast, find and talk with that M&A person.

Start now! Whether you’ve already begun and need to get the team and formal plan going, or you are just reading this and thinking “yikes!”, now is the time to plan that two-day retreat (or however you roll) with whomever you need, such as partners, management team, family, CPA, attorney, M&A person, etc.

Make maximizing and monetizing your life’s work the sole topic of the getaway.

You may need to begin with just you and one or two others, then expand it to the larger group in a second retreat. But that is time you'll never regret carving out. Get it on the calendar in the coming year. Do it. Do it now!

Unicorns, rainbows...and the power of reality

You've become (or are becoming) an expert in your business. You're smart, industrious, a self-starter, and you often see life and business in rare ways which many do not. Those are characteristics of most entrepreneurs, and they can be both blessing and curse.

Point is, just because it all seems clear to you, you can see it, envision it, dream it, doesn't mean savvy buyers in a sophisticated marketplace will someday magically agree and write a huge check. The next billion dollar start-up, or any business, needs the proverbial (and rightly) oft-vaunted UVP (Unique Value Proposition, a clearly defined vision and strong differentiator). What is the secret sauce, the thing that is, or is truly going to be, *the thing* makes people willing to part with their own hard-earned capital and hand it over to you? It's got to be an exchange of a high value proposition to get a high value wire transfer.

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In the course of my work, I enjoy speaking with hundreds of business owners. And I can tell you, we entrepreneurial types of all sorts are infamous for fooling ourselves. Dreamers great and small are often in need of reality checks. That's OK. It hardly needs to be said that the world would suffer were it not for dreamers.

Yet to maximize and monetize, the dream must be (here's that word I dropped in earlier) *quantifiable*. Googling the Oxford dictionary again, we find that means "able to be expressed or measured as a quantity".

That's a concept often eschewed by the hopeful entrepreneur. *Even seasoned business owners* often fall prey to the trap of underestimating the *power* and *need* for hard facts. "Power" because when you have lots of meaningful, accurate data, it equals maximum value and monetization. "Need" because accurate figures will be required for everything from sales and profits to customer concentration, personnel and organizational records, tight financial statements (P&L's, balance sheets, etc.) properly interpreted and prepped by highly qualified professionals, etc.

- Hard data of every kind, from nearly every nook and cranny of your business.
- Well-formed and impressively presented answers to the many and detailed questions that will come from savvy buyers will win the day every time.

Those are the realities the best dreamers have accounted for in their maximizing and monetizing efforts!

So let us confound the doubters of the dreamers by getting hold of the many things to consider when it comes to the successful sale of a business.

Our to-do in this case is coming down to earth and to grips with the vocabulary of mergers and acquisitions (M&A). It's an absolute must:

- GAAP compliant financials
- Adjusted EBITDA calculations (What adjustments buyers will acknowledge)
- Value Drivers that enhance multiples
- Competitive advantages and market differentiators
- KPIs to focus on
- Metrics, ratios, trends, forecasts
- Future cash flow, working capital, valuation, multiples, etc.

And all of those are just a start!

Which is why I mentioned at the beginning, the need to not go it alone.

The reason, friend, to get away and get busy!

On what may end up being the *most exciting part of your journey yet: Maximizing and monetizing this dream, as you likely find yourself already thinking about the next!*

Well-formed and impressively presented answers to the questions of savvy buyers will win the day every time.

About TobinLeff, LLC

TobinLeff is an M&A advisory and exit planning consulting firm that helps business owners sell to strategic buyers and private equity groups. With over 13 years of service and more than 155 engagements successfully completed, the TobinLeff team of 10 M&A advisors and exit planning consultants is dedicated to the mission of helping owners maximize and monetize their life's work. Please visit our website at tobinleff.com for additional information and case studies.



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