

***"I hear the statistic over and over that three out of four businesses fail in every 10-year cycle. That's pretty scary. I've also heard you say business owners work harder than they have to, make less than they can and leave a lot on the table when they exit. What can I do?"***

Too many business owners operate just below the level of real wealth building. Ensure you get everything you want from your business. Take a cold, hard look at what's working and where improvements can be made.

Are revenues growing 15 percent year after year? Can you prove the business gets more profitable each year? Can the business run without you? Have you secured your assets, including your human resource talent pool?

### **Growth strategies**

It takes real discipline and a plan to grow year after year. Expand profits over time by regularly introducing new, profitable products or services to old clients. Sell existing products or services to new clients to expand the base for the future. Steadily weed out unprofitable products, services and customers.

Keep in mind that cutting overhead only provides short-term relief. Real value comes from having a growing business. Take a close look at the size of your business. At \$500,000 a year, or less, in gross profit, most businesses struggle to make ends meet. At \$1 million in gross profit there's some room for error, but still probably not enough to do everything you want. At \$2 million, it's almost impossible to blow up the business, with more than enough gross profit to cover overhead and fuel growth needs.

Build up reserves to prove the business makes more than it spends. Avoid the temptation to spend what you make. You can save short term on taxes, but you'll face long-term consequences when it comes time to sell the business. If you can't demonstrate that the business produces wealth, potential buyers are going to be less interested in paying your asking price.

### **Ready for sale**

Once the company is growing and profitable, make sure it's a turnkey business. What does turnkey mean? It means that systems, procedures, management, reporting and personnel are all in place and function effectively without needing the owner to keep them on track.

Most small-business owners are way too involved in the running of the business, whether they like it or not. Most buyers want something that's set up, and runs itself. As a seller, you have to think about what the next buyer wants.

Look at how often you fix things or answer questions and micro manage. If you're in the middle of everything, the business isn't going to be worth as much when it comes time to sell. It's like the difference in what you'd pay to buy a house that's furnished in move-in condition versus buying a fixer-upper.

Set your business on track to self-manage by establishing reports that help you to see what's going on without being directly involved. Practice letting the business run by itself by taking frequent vacations. Make a list of all of the things you do as an owner, and train replacements for every item on the list.

### **Exit strategy**

One of the best ways to secure your retirement is through long-term planning. Figure out how much you need

to retire, and work backward. How much can you set aside from profits each year? What additional funds will you need to raise by selling the business when you're ready to exit? What kind of multiple of earnings can you realistically get when you sell? How big and profitable does the business have to be to achieve that multiple?

Finally, secure the assets you have. Keep equipment in good working order. Keep procedures up to date. Reward performers who are key players. Consider offering key players a percentage of sale, to ensure they stay through any transition.

Not sure how to pull it off? Get help now. Waiting, wondering and hoping is not a plan.

Looking for a good book? Try "Run Your Business Like a Fortune 100; 7 Principles to Boosting Profits," by Rosalie Lober.

*Business owners regularly turn to Ask Andi and Strategy Leaders, [www.StrategyLeaders.com](http://www.StrategyLeaders.com), for advice on how to grow profitable, successful companies. They find what they need time after time. Specific advice is available at [www.AskAndi.com](http://www.AskAndi.com). Ask Andi is also published weekly in the Westchester and Fairfield County Business Journals and Hudson Valley Business. Written by Strategy Leaders President, Andi Gray, the Ask Andi column is a rich source of advice for owners of established, privately held businesses.*

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