

VALUE DRIVERS LIST

TWO BUSINESSES OF THE SAME SIZE. ONE SELLS FOR TWICE THE OTHER. WHY?

Elements of the business's condition, aside from its revenues and profits, may increase or decrease its potential value. Value Reducers and Enhancers are about risk. The more or less risk the buyer sees within the business, then the more or less the buyer may be willing to pay. Review the checklist and identify steps that may enhance your business value.

	Value Reducers	Value Enhancers
	Markets	
1	Low barrier of competition	High barrier of competition/niche market
2	Concentrated customer base	Diversified customer base
3	No or unidentified competitive advantages	Clear, sustainable competitive advantages
4	Low customer retention/repeat business	High customer retention/repeat business
5	Low brand recognition or reputation	High brand recognition and reputation
6	No protected proprietary intellectual property	Protected proprietary intellectual property
	Operations	
7	Weak or undocumented operational processes	Well documented and robust operational processes
8	Disorderly accounting or budgeting systems	Orderly accounting and budgeting systems
9	Incomplete or undocumented HR records	Sound, documented HR records and policies
10	Inconsistent marketing and selling procedures	Effective marketing and sales procedures
11	Supplier concentration	Supplier diversification
12	Dirty or disrepair in physical plant and offices	Clean and orderly physical plant and offices
13	Low or outdated technology	Current and effective technology
14	Low or undocumented customer satisfaction	High and documented customer satisfaction
	Documentation	
15	Incomplete or unwritten business plans	Thorough, sound business plan
16	Disorderly or compiled financial statements	Reviewed or audited financial statements
17	Incomplete or out-of-date corporate records	Thorough and current corporate records
18	Little or no customer agreements	Transferable customer contracts
19	Disorganized or incomplete agreements with vendors, suppliers, leasers, strategic partners	Current, written agreements with vendors, suppliers, leasers, strategic partners, etc.
	People	
20	Owner is the most valuable employee	Owner is not essential to business success
21	Unclear leadership roles and responsibilities	Clearly defined organizational leadership
22	Unclear or unwritten job descriptions	Current, written job descriptions
23	Little employee assessment or development	Documented employee reviews and development
24	Top employees have low or no barriers against departing the business	Employee non-compete or non-solicitation agreements; retention-based compensation plans
25	No bench strength	Strong successor management in place



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