Decentralizing the Business Owner



Business is **Dependent** on the Owner vs. Business is **Independent** of the Owner



Business Owner Characteristics

- The owner works more than 55 hours per week in their business and their business likely defines who the business owner is
- Unbalanced personal and professional life, lacking purpose and vision
- The owner has a balanced life, feels fulfilled in their work, and likely operates at their highest and best use doing what they are passionate about daily
- The owner has a defined personal purpose and vision for the future inside and outside of their company

Structural Capital



- Intellectual Property, SOPs, and training programs are not documented, copyrighted, trademarked, or patented because the owner either fills the role or knows the role
- Clear vision, mission, core values, and 3-year strategy documented and presented companywide
- All processes are documented and standard operating procedures can be followed by the leadership team



Customer Capital

- The strength of the customer relationship is tied to the owner and not entangled with the brand
- Customers are highly concentrated and have a high likelihood of terminating their relationship without the owner involved
- Customers are diverse, engaged, and entangled with the company. In other words, they could not possibly think of operating without the company involved
- Customers are attracted to the brand the company has created and the belief in people, process, cause, and the solution (service or product) the company provides them

Social Capital



- Company Culture is intrinsically tied to the owner. The owner is synonymous with "the brand"
- If the owner exits, the culture disappears as well
- The culture, brand, and the way the employees work with each other do not depend on the owner at all. The business is the brand, not the owner
- Company culture is driven by core values, internal communication plans, the employees, and customers



Human Capital

company decisions, major or minor Executive Leadership Team struggles to manage

Owner must be involved with and approve

- daily operations without the owner around
- · Well-formed executive leadership team with a documented succession plan
- Executive Leadership Team is empowered with the accountability and authority to make key decisions without the owner

Business Value



not in the business

Most of the perceived value is tied to the owner

- Lack of clear financial reporting historic and projected
- The company has a manageable level of risk and is predictable and scalable Higher valuation, driving towards best-in-class
- multiples



Ultimate Sale Price

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business, potential buyers are less likely to make

Since the owner is the most valuable asset in the

- In the event that the business does sell, it will be for a lower multiple
- the business likely sells for higher multiples

Due to strong tangible and intangible capitals,

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