

Building Value and a Successful Business at the Same Time!

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Building value – isn't that what you attempt to do within your business everyday? Sounds great, but what does it mean? To build value means to grow your business so that it will have worth. Typically we hear the term value tossed around when it comes time to buy or sell a business. This makes sense because a buyer will only want to pay the seller for the value or the worth that has been created. So, why do you care about building value if you have no immediate plans to sell your business? Because value is a result of a successful business – and that's what we ALL want – a successful business!

The following are some guidelines on how to build value and at the same time a successful business:

Commit to having monthly financial statements:

Without having a monthly balance sheet and income statement, there is no way for you to know how well you are doing. Running a business without financials is like deer hunting blindfolded – your success will be limited and the risk of getting hurt is high!

Increase sales within higher profit areas:

Where do your profits come from – service, retrofit, new installation, home warranty? Take a look at each area that your business services, maybe one area is less profitable than the others. It could be one is a losing money and being supported by the others?

Decrease expenses:

Find out where your business is overspending and eliminate unnecessary costs. How much are YOU spending within your business unnecessarily? It's probably more than what you think.

Manage your assets:

This not only means constantly maintaining and replacing vehicles, it also means managing your accounts receivable and inventory. Aggressively collect old and outstanding receivables and avoid those slow or nonpaying customers in the future. Take advantage of the off season and rid your warehouse of junk inventory.

Reduce debt:

Like fire, debt can be your friend and your enemy. Debt – how else can you purchase a fleet of vehicles? However, as time goes by, the amount of debt required by your business, unless you are rapidly growing, should decrease. If you are profitable and not growing, at some point, your business should be debt free.

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Follow these guidelines to a more valuable and successful business!

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