

## Business Value Builder

Smart decisions. Lasting value.

### Welcome to Issue 3 of our Business Value Builder ezine.



Hopefully you are beginning to see how these hard lessons can be adopted for your business and help drive it forward.

Research shows that 80% of a typical business owner's wealth is tied up in their business. If it's not minded, preserved and grown we typically find it can go backwards. Value is lost. This is why we started this ezine – and this programme – to help ensure business owners reap the rewards they have worked so hard to create. And

because so many eggs so to speak are in one basket, it is critical that value-building is brought to the forefront of owners' minds.

Below is another practical example of how a business was transformed into a valuable saleable asset. If you want to learn more simply click on the link below or contact me, Gerard O'Reilly, directly.

**Gerard O'Reilly**  
Partner, Crowe Horwath

[Want to talk to us about building your company value?](#)

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### How three moves quadrupled the value of this business

Are you stuck trying to figure out how to create some recurring revenue for your business?

You know those automatic sales will make your business more valuable and predictable, but the secret to transforming your company is to think less about what's in it for you and more about coming up with a reason for customers to agree to a monthly bill.

Take a look at the transformation of Laura Steward's company, Guardian Angel. Steward had gotten her IT consulting firm up to \$400,000 in revenue when she called in a valuation consultant to help her put a price on her business. Steward was disappointed to learn her company was worth less than fifty percent of one year's sales because she had no recurring revenue and what sales she did have were dependent on her personally.



Steward set about transforming her business into a more valuable company and made three big moves.

### **1. Angel Watch**

The first thing Steward did was to design a monthly program called Angel Watch, which offered her business clients ongoing protection from technology problems. Steward offered her Angel Watch customers ongoing remote monitoring of their networks, pre-emptive virus protection and staff on call if there was ever a problem.

Steward approached her clients with a calculation of what they had spent with her firm over the most recent 12-month period, including the cost of her customer's downtime. She made the case that by signing up for Angel Watch, they would save money when taking into consideration both the hard costs of her firm's time and the soft costs associated with downtime.

90% of her customers switched from hourly billing to the Angel Watch program.

### **2. Doubling rates**

Next Steward doubled her personal consulting rates. That way, when one of the customers who decided not to opt into Angel Watch called her firm, they were quoted one rate for a technician's time or twice the price to have Steward herself. Not surprisingly, most customers opted for the cheaper option and others chose to re-consider their decision not to sign up for Angel Watch.

### **3. Survivor clause**

Steward also credits a small legal manoeuvre for further driving up the value of her business. She included a "survivor clause" in her Angel Watch contracts, which stipulated that the obligations of the agreement would "survive" a change of ownership of her company.

Steward went on to successfully sell her business at a price that was more than four times the original valuation she had received just two years prior to launching Angel Watch.

Find out more about [Building Lasting Value in your Business](#).