

# The New Value Builder Report

We have completely revamped the Value Builder Score Report that you use and love to make it even better. You told us that you wanted to present a professional look and feel to your business owners and that the report reflected on you personally. While our report is effective in helping business owners understand value, after five years, it was beginning to look outdated.

## Why You Should Use It (1 pager and guide)

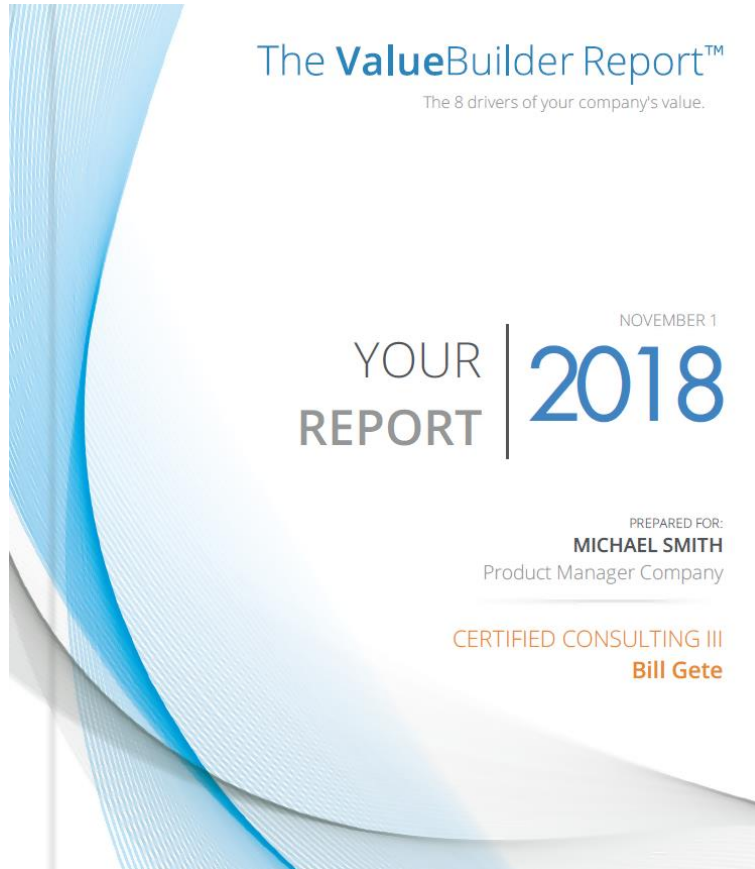
- **Better Looking with a Professional and Refined Design.** The new report design adds professionalism and looks modern and relevant. An effort has been made to portray a sense of gravitas to underly the great insights in this report.
- **Shows the Customer You Care.** The report is a blend of your insights and personal touches for the business owner backed by our latest research. You are now able to add custom insights to consider the following sections of each driver. Highlight your strengths, and show the strongest opportunities where you can help.
- **Latest Research and Industry Trends.** Examples and data have been updated to reflect new developments in our research over the last few years.
- **Make It Yours.** You have been given powerful customization options to allow you to personalize the report to your needs.
  - **Fit it into your sales cycle.**
    - We understand that different advisors use the report in different ways to get engagement from business owners. Some use it as part of the initial exploration process, whereas others use it only for already engaged owners. We have built it to support both advisors that send the report after an in-person meeting as well as those that send it before.
  - **Put your face on it.**
    - The bio page allows you to be front and center by adding a personal touch. As the saying goes, in real estate, you aren't a real estate agent until you have your face on the sign.
  - **Bookend the report with a custom cover letter and conclusion.**
    - Our cover letter allows you to pre-empt the report with a key theme or message as well as highlight your firm. You never know where the report will be printed and shared. This allows you to give context and your branding to the report.
    - **Finally, you can have the last word,** leaving your business owner with a custom call to action that speaks best to your business cycle.

## Key Highlights (1 pager and guide)

### Updated Design

We have updated the design as well as added new graphs and illustrations. The text layout has been optimized so that the report is still 27 pages even with the additional features (not including the cover page).

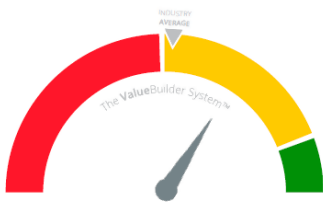
### New Cover Page



Please note that the year and date is of the time the questionnaire was completed, not the date exported.

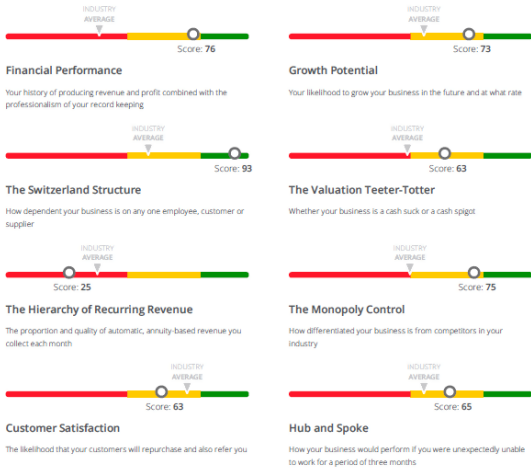
### New Summary and Valuation Page

Our summary page has been redesigned to help your business owners understand their Value Builder Score as well as their Estimate of Value in a quick and intuitive way.



**OVERALL SCORE**  
**68**

**8 KEY VALUE BUILDER DRIVERS**



This report was prepared by Michael Smith by Bill Gate. Legally stating, reproducing or misusing the report by or for anyone other than Bill Gate is prohibited and would be considered a breach of the ValueBuilder System™ confidentiality and privacy agreement. ValueBuilder.com, copyright 2019



**YOUR ESTIMATE OF VALUE:**



<p><b>Current Estimate of Value</b>  <b>VALUE BUILDER SCORE: 53</b>          Range: \$2,250,000 - \$5,780,000          Mean Value: \$3,162,000  <b>MULTIPLE: 3.16x</b></p>	<p><b>Potential Value</b>  <b>VALUE BUILDER SCORE: 80</b>          Estimate: \$6,324,000  <b>MULTIPLE: 5.27x</b></p>
--	--

By increasing your Value Builder Score to 80, we estimate you would add up to approximately \$6,324,000 or 101% to the value of your company. Your estimate of value is based on a weighted average of your annual Seller's Discretionary Earnings (SDE) over the past three years which we have calculated to be \$3,152,000. SDE is an estimate of the total financial benefit a full time owner/operator would derive from your business on an annual basis. To make changes to your adjusted SDE, talk to your advisor.

**How Are Companies Valued?**

**Discounted Cash Flow Method (DCF):**  
 In this method the acquirer "buys" future income discounted for risk. The discount rate is influenced by internal factors (e.g. dependency on the owner) and external market factors (overall industry stability/growth, interest rates).

**Market Comparables (i.e. "Comps") & Rules of Thumb:**  
 In this method, the acquirer arrives at a value by comparing a business with companies of a similar size and industry that have sold recently. Rules of thumb have developed overtime to provide a close approximation for certain industries.

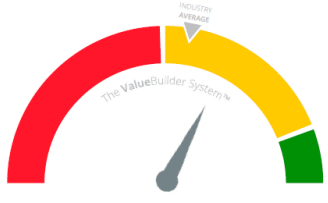
**Liquidation Value:**  
 This is usually a worst-case scenario and involves the hypothetical value of the business if it was to be closed and all assets liquidated.

**Our Method**  
 Our Estimate of Value makes use of the first three methods by comparing industry standard data sources of over 50,000 market transactions along with Rules of Thumb for hundreds of NAICS codes to determine an average market price. Your Value Builder Score is used to measure soft risks and therefore where you will likely land on the range of value typically found among similar businesses in your industry. While we always show an estimate of value, higher scoring businesses can command strategic prices that may go significantly higher than estimated while lower scores may indicate that the business is not sellable beyond its liquidation value. While a valuation may sometimes include inventory, usually the business is sold on a debt free, cash free basis meaning the seller would assume any cash or debts as well as non-direct assets (i.e. real-estate).

**Limitations of Model**  
 The estimate of value in this report is based on information derived from your Value Builder Score questionnaire. It assumes the information provided to be accurate and complete. This Estimate of Value is for information purposes only and should not replace a formal Opinion of Value.

**A business is only worth what someone will pay for it; and therefore the market will ultimately be the most accurate reflection of the**

**Driver Design**



**OVERALL SCORE: 65**

This factor measures the extent to which your business can thrive without you. To be valuable to an acquirer, your business must be able to succeed and grow without you at the hub of all activities, as your employees are mere spokes that cannot operate independently of you.

Your score of 65 out of a possible 100 shows you're performing satisfactorily in this area of your business, yet there may still be improvements you can make to maximize the value of your company.

Business owners often score low on this attribute because they remain involved in serving customers directly; it feels good to solve people's problems. Happy customers shower you with praise, you get the satisfaction of feeling needed, and you know your customers are getting the best care in your hands. After all, you know your business better than anybody, and training others to do the equivalent job without your accumulated knowledge takes a lot of time and can cost a lot of money.



To start letting go, consider taking three steps:

- Get out of the "break/fix" business**

It's a lot easier to train people how to prevent a problem than it is to show them how to fix something once it's broken. For example, a swimming pool company can teach a summer employee to scoop debris out of a pool each week, but it needs an expert, often the company owner, to replace a pump that overheated due to a clogged drain.
- Go on vacation**

Start slowly by taking evenings and weekends off completely. Leave your cellphone at the office, and do not reply to any messages. Then take a day off midweek and do the same. Build up to where you can take a week off without checking in. At first, employees won't believe you're serious... until they see that you're really not replying to them. Once they realize they're on their own, the best ones will start to make more decisions independently. It's amazing how smart most people are if you give them a chance to show it. You'll also expose your weakest employees and know who you have to train up or move out.
- Ask employees what they would do in your shoes**

To get employees to start thinking like an owner, encourage them to solve their own problems. When an employee comes to you with a situation, before jumping in with a solution, ask, "If it were your business, what would you do?" This simple question forces employees to think things through for the good of the business and triggers a decision-making habit that, when cultivated, will have them acting like owners.

## New Graphics and Illustrations

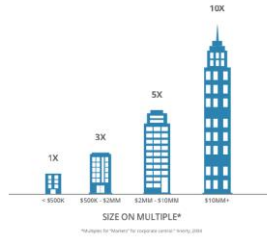
All illustrations and graphs within the report have been updated, as well as the source information.

Note that the only change between this example and the one using a 10% return on investment in the Financial Performance section is the projected growth rate. The business expecting a 10% growth rate over the next ten years is worth more than double the business that expects its revenue to remain flat.

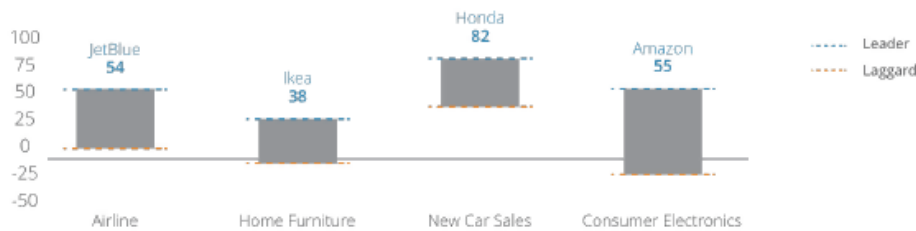
Your score on the Growth Potential attribute reflects the extent to which you think your business can grow in the future by selling more products and services to your existing customers or by acquiring new customers quickly.

The table below illustrates how a financial buyer, looking for a 10% return on his or her investment, might value this company.

End of year	Pre-tax profit	15% discount
1	\$1,200,000	\$1,043,480
2	\$1,440,000	\$1,088,850
3	\$1,728,000	\$1,136,190
4	\$2,073,600	\$1,185,590
5	\$2,488,320	\$1,237,130
6	\$2,985,980	\$1,290,920
7	\$3,583,180	\$1,347,050
8	\$4,299,820	\$1,405,620
9	\$5,159,780	\$1,466,730
10	\$6,191,740	\$1,530,500
<b>Present Value</b>		<b>\$12,732,060</b>



### NPS Variation and Leader per US



\* NPS Promoter, NPS Promoter Score, and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company, Inc., and Fred Reichheld

## Personalization Features

We have added some new features to allow you to add your personal mark to the report.

### Cover Letter & Bio Page

The cover letter allows you to pre-empt the report with a key theme or message as well as highlight your firm. It is meant to duplicate the email text that would typically be sent with the report. You never know where the report will be shared. This allows you to give context and branding to the report. You are actually able to add your logo to this cover letter. This is found on page 2 of your report.

The bio allows you to be front and center, adding a personal touch. As the saying goes, in real estate, you aren't a real estate agent until you have your face on the sign.

**THE FIRST STEP TO FREEDOM**

Dear Michael:

I think you will find this report will clarify key drivers of value within Product Manager Company.


Michael's Team is thrilled to provide you this report. Having worked with other owners like you, we believe this information could have a tremendous impact on unlocking value in your business.

I'm looking forward to discussing this in more detail after your review. Do not hesitate to contact me if you have any questions regarding this report.

Sincerely,

Michael Lucuk  
Michael's Team

**YOUR ADVISOR: Bill Gete**



Bill Gete has gained expertise in helping owners just like you. As a Certified Value Builder, Bill Gete is an expert on building value and developing a plan for success using a systematic approach to measure and improve the value of a business.

Having founded and sold 3 business as well as helping numerous business just like you. Bill is a talented mentor of transformation within companies.

More than that, Bill is a skilled facilitator who can help you enable your business to thrive without you, enabling you to gain control back of your life or exit your business.

2 | YOUR VALUE BUILDERS

This report was prepared for Michael Smith by Bill Gete. Illegally sharing, reproducing or redistributing this report by or for anyone other than Bill Gete is prohibited and would be considered a breach of The Value Builder System confidentiality and privacy agreement. ValueBuilder.com, copyright 2019

## Items to Consider

You are now able to add custom insights to consider the following sections of each driver. You are able to hide/edit the default points as well as add custom points or add emphasis to points.

How do you typically get paid by your customers?



### Consider the Following:

- If you bill your customers in installments, could you charge them a greater percentage of the overall price up front?
- Could you evolve your business into a subscription or membership model in which you bill customers before they receive the benefits of their membership or subscription?
- If you sell a service, could you do more to "productize" your offer and thereby make it easier to charge up front?
- Could you reduce the amount of inventory you pay for in advance of needing it?
- Could you lengthen the time it takes to pay some vendors?

Key Takeaway section / Call to Actions

Finally, you can have the final word, leaving your business owner with a custom call to action that speaks best to your business cycle.

## NEXT STEPS

Your Value Builder Score is calculated through an analysis of your business' performance on eight drivers proven to be important to acquiring companies when evaluating a business as a potential acquisition target. Looking through your questionnaire, I believe there are some critical insights in this report that applying them could take your business to the next level.

Whether you want to sell your business for a premium now or simply know that you could, we've found that companies that take the time to develop a strategy sell their business for 71% more than businesses who don't plan. We will help you dramatically increase the value of your company by helping prepare it and you for an exit.

I invite you to contact me to discuss the next steps.

[Connect with Me](#)

## Setting Up Your Report (User Guide)

### How to Enable New Report Design

Note that for now, this will not be enabled until you go to Settings > Personal Settings > Enable New Report Design (Beta) and enable the new report.

## Settings

Personal settings

PREScore™ Settings

Value Builder Score™ Report

**Enable New Report Design (Beta)**

Customize "Consider the Following" items

Personalize Report

Valuation Algorithm

Custom SMTP Settings

## Enable New Report Design (Beta)

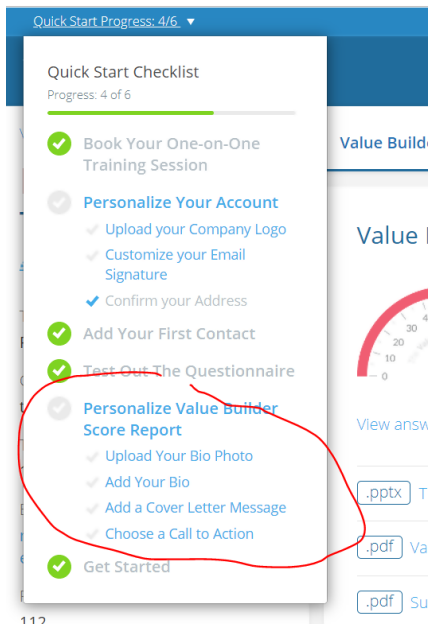
The new report design has been significantly modernized. If selected, all current and past reports will be generated using the new design.

Old Report Design  New Report Design

## Setting Up or Editing Personalization Features

There are two ways to set up or edit these features:

1. Go to your Quick Start bar and click on "Step 5: Personalize Value Builder Score Report." All screenshots will be from this method:

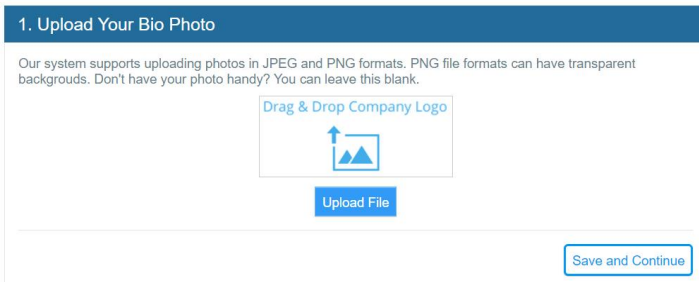


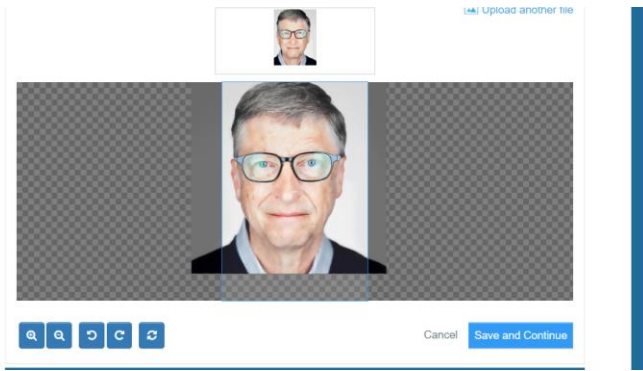
2. Go to Settings > Personal Settings and click on "Personalize Report."



### Upload Your Bio Photo

Putting your face to a report can greatly increase the personal connection and investment in you as the advisor. To upload, either drag and drop a photo in or click the "Upload" button. After it has uploaded, you can use the provided controls to resize and crop the photo.





Our system supports uploading photos in JPEG and PNG formats. PNG file formats can have transparent backgrounds. Don't have your photo handy? You can leave this blank for now.

Note: You can skip this step by clicking "Save and Continue."

## Bio

Your bio is intended to be a brief introduction of yourself. Keep it short (less than the maximum 1,000 characters). Highlight your experience/credentials with the Value Builder System, relevant business ownership experience, any certifications/educational credentials, your role in your firm, your unique strengths, and your value proposition. While eventually mandatory, you can enable or disable this feature until you are ready to go live. You can customize your name as shown in the report.

### 2. Add Your Bio

Your Bio is intended to be a brief introduction to yourself. Keep it short (less than 1000 characters).

**B I U S Ix** [Cut] [Copy] [Paste] [Undo] [Redo] [Link] [Unlink] [A-] [A+] [List] [List]

Andrew Maxwell has gained expertise in helping owners just like you. As a Certified Value Builder, Andrew is an expert on building value and developing a plan for success using a systematic approach to measure and improve the value of a business.

More than that, Andrew Maxwell is a skilled facilitator who can help you enable your business to thrive without you, enabling you to gain control back of your life or exit your business.

Customize Your Name as Shown on the Report \*

Enable Bio (Beta) \*

Enable  Disable

Save and Continue

## Cover Letter

Your cover letter is meant to be your business calling card as well as a way to frame the report. This is recommended to largely parallel the email you would send with this accompanying report. Thank the person for the report then highlight your company's strengths and value proposition. Finally, assure the business owner you are there for any questions. While eventually mandatory, you can enable or disable this feature until you are ready to go live.

### 3. Add a Cover Letter Message

This is used in every Report generated by the system.

Title \*

Body \*

**B I U S Ix** [Cut] [Copy] [Paste] [Undo] [Redo] [Link] [Unlink] [Text Color] [Background Color] [List] [Indent]

[REVISION\_COMMENT] is limited to provide you this report. Having worked with other owners like you, we believe this information could have a tremendous impact on unlocking value in your business.

I'm looking forward to discussing this in more detail after your review. Do not hesitate to contact me if you have any questions regarding this report.

Sincerely,

**Andrew Maxwell**  
**Certified Consultant III**

Enable Cover Letter (Beta) \*

Enable  Disable

[Save and Continue](#)

## Choose Your Call to Action












The call to action is the final page in the report. This is your final word, so leave your business owner with a custom call to action that speaks best to your business cycle. It is recommended that you include a summary/conclusion to the report. Reiterate why the Value Builder System is important, and highlight potential next steps. Some examples of next steps can be to read the book, *Built to Sell*, have a meeting/call with you, start their engagement, or accept your invitation to a reoccurring event or Mastermind group.

## 4. Choose a Call to Action

This is used in every Report generated by the system.

Title

Body

**B** *I* U ~~S~~ *I<sub>x</sub>* |    |   |   |   |  

Your Value Builder Score is calculated through an analysis of your business' performance on eight drivers proven to be important to acquiring companies when evaluating a business as a potential acquisition target. Looking through your questionnaire, I believe there are some critical insights in this report that applying them could take your business to the next level.

Whether you want to sell your business for a premium now or simply know that you could, we've found that companies that take the time to develop a strategy sell their business for 71% more than businesses who don't plan. We will help you dramatically increase the value of your company by helping prepare it and you for an exit.

Connect Link Title

Connect Link URL

Save and Continue












The Connect Link is a button that will appear in the report; you can put in any URL you want to. The most common are a calendar booking link or a "Contact Us" page on your website. If you don't have the URL filled out, the button will be hidden. It's suggested that the title be something that makes sense if printed. Also, you may want to reiterate any contact details in the written section for the same reason.

## 4. Choose a Call to Action

This is used in every Report generated by the system.

Title

Body

**B** *I* U ~~S~~ *I<sub>x</sub>* |    |   |   |   |  

Your Value Builder Score is calculated through an analysis of your business' performance on eight drivers proven to be important to acquiring companies when evaluating a business as a potential acquisition target. Looking through your questionnaire, I believe there are some critical insights in this report that applying them could take your business to the next level.

Whether you want to sell your business for a premium now or simply know that you could, we've found that companies that take the time to develop a strategy sell their business for 71% more than businesses who don't plan. We will help you dramatically increase the value of your company by helping prepare it and you for an exit.

Connect Link Title

Connect Link URL

Save and Continue

