



Valuation

Long-term planning and resilience

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Learning outcomes and objectives

BY ATTENDING THIS SESSION, YOU WILL UNDERSTAND:



LONG-TERM ECONOMIC CYCLE CHARACTERISTICS



IMPLICATIONS ON PLANNING CYCLES BASED ON THE MACRO-ENVIRONMENT



ACTIONABLE AREAS TO DE-RISK AND BUILD RESILIENCE INTO YOUR OPERATIONS

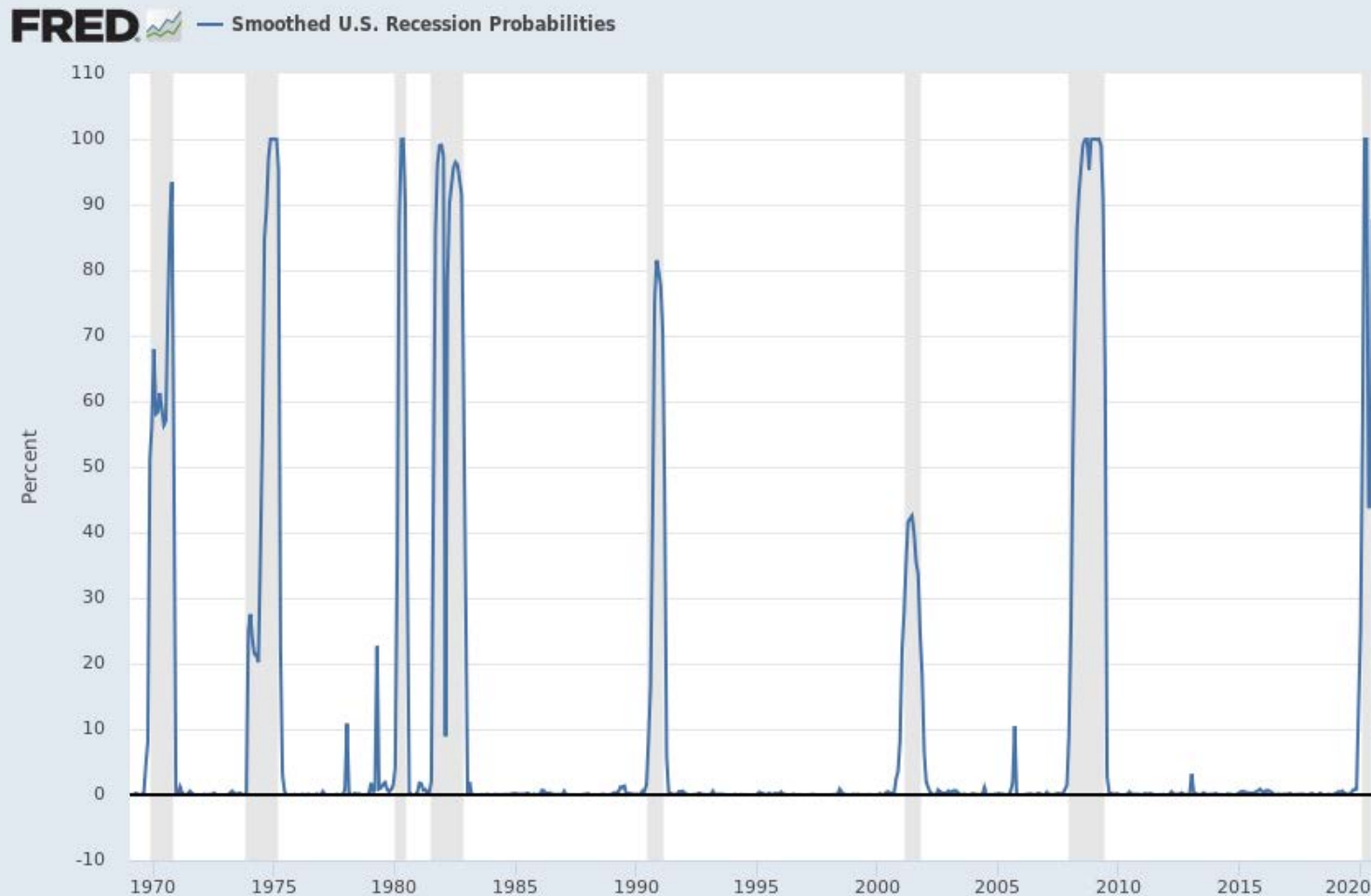


POTENTIAL OPPORTUNITIES IN THE CURRENT CLIMATE

CHANGING OF TIDES



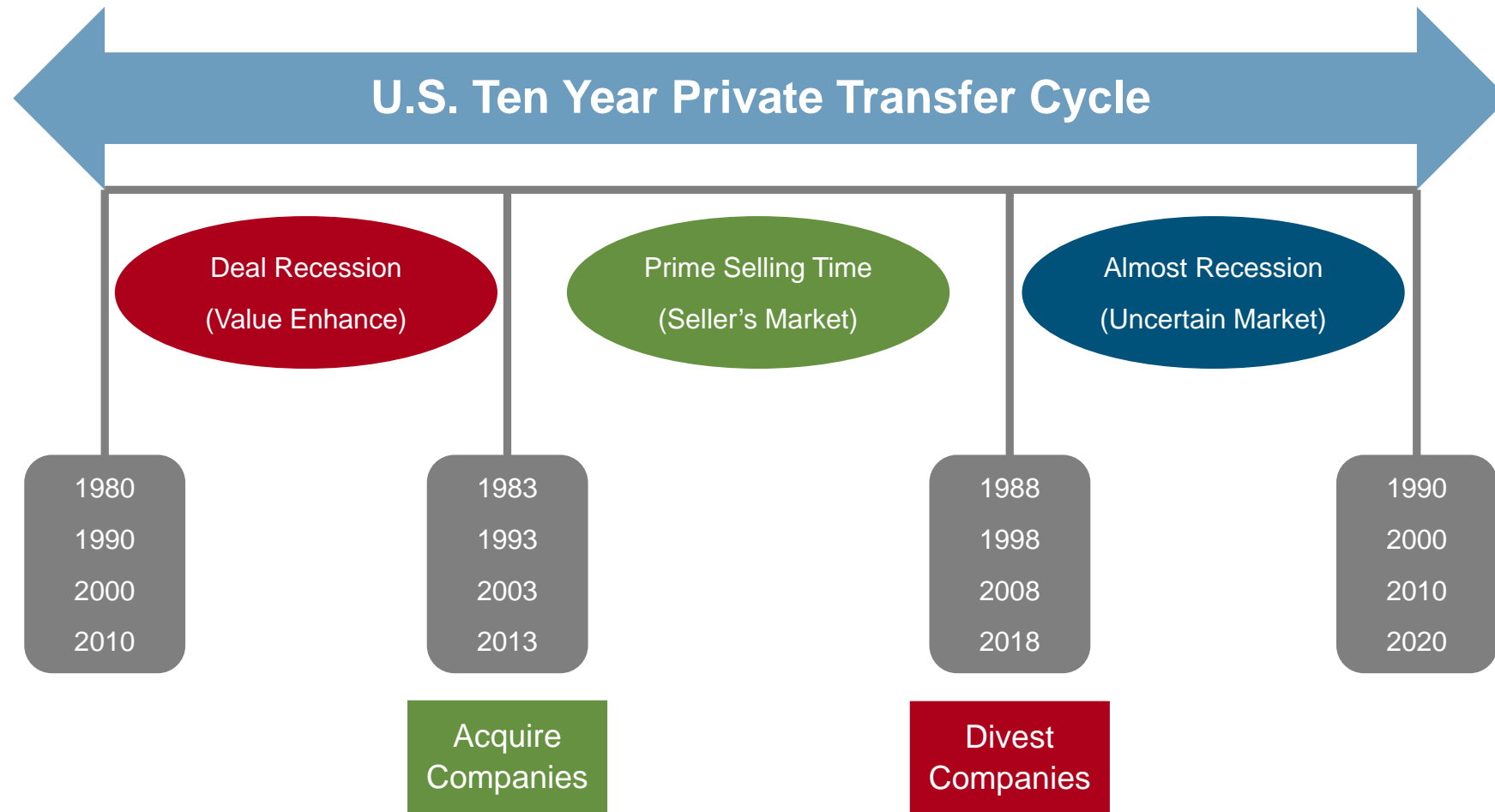
SMOOTHED U.S. RECESSION PROBABILITIES



Source: Piger, Jeremy Max

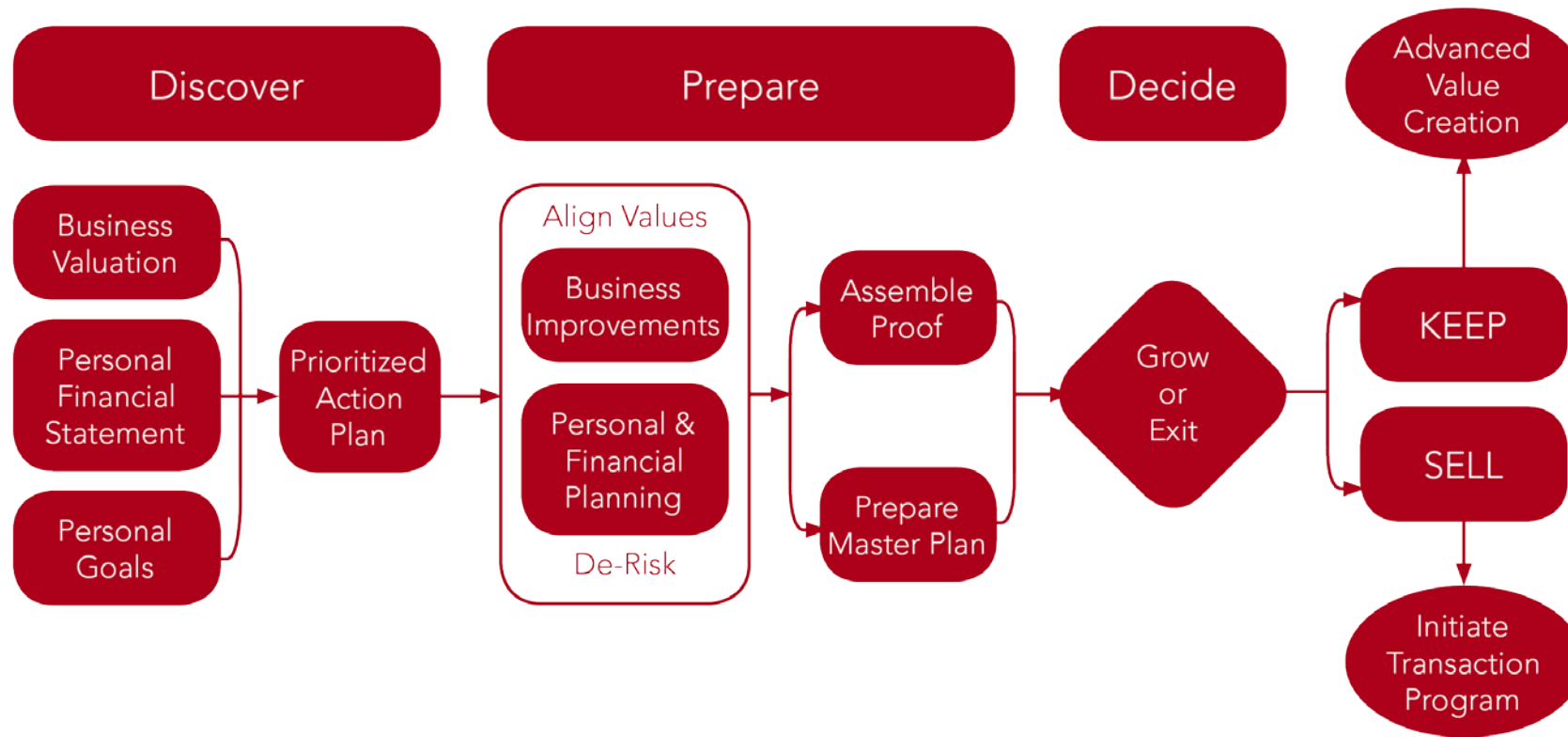
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U.S. TEN YEAR PRIVATE TRANSFER CYCLE



VALUE ACCELERATION

The process



YOUR GOALS FRAME THE DISCUSSION

Personal Goals

- What is the goal?
- What's next?

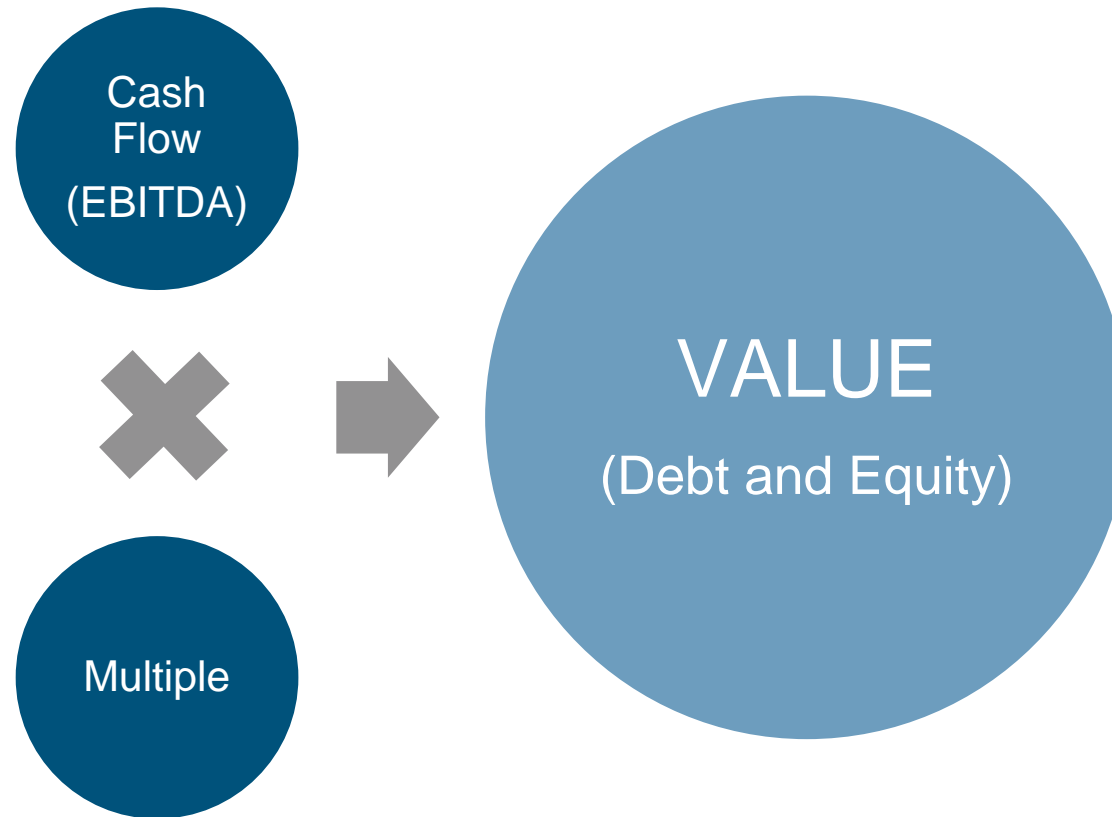
Personal Financial Plan

- What do I currently have?
- How much do I need?

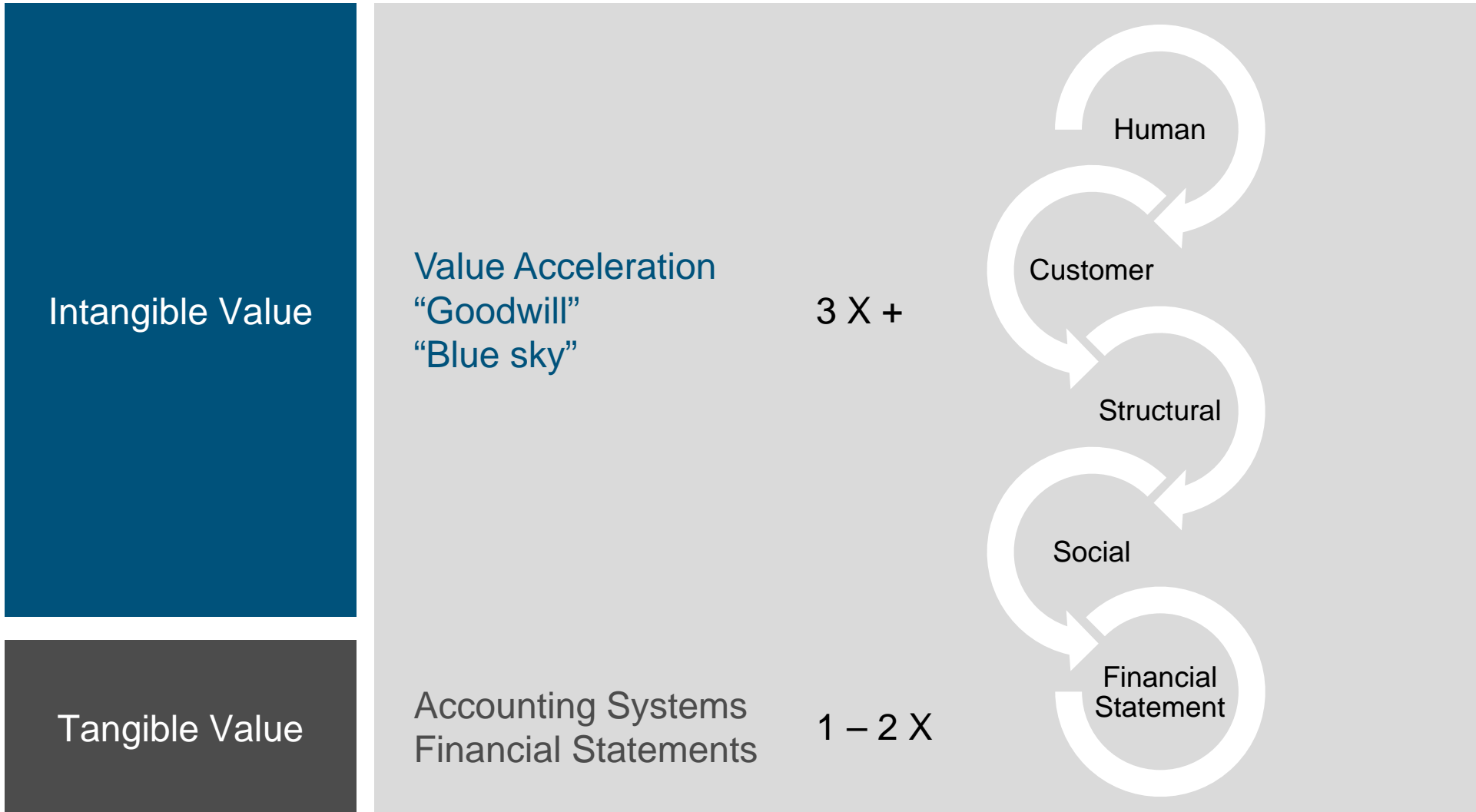
Business Valuation

- How much can the business contribute?
- How much do I need from the business?

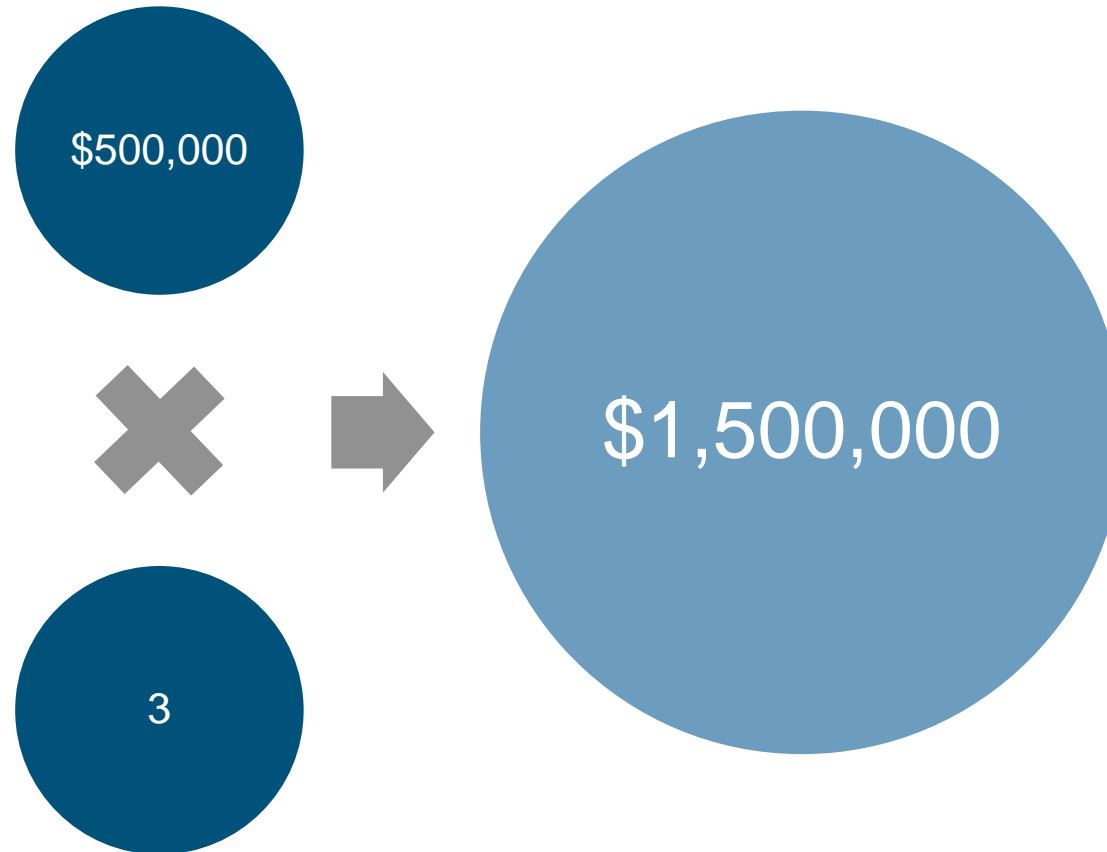
FORMULA FOR VALUE



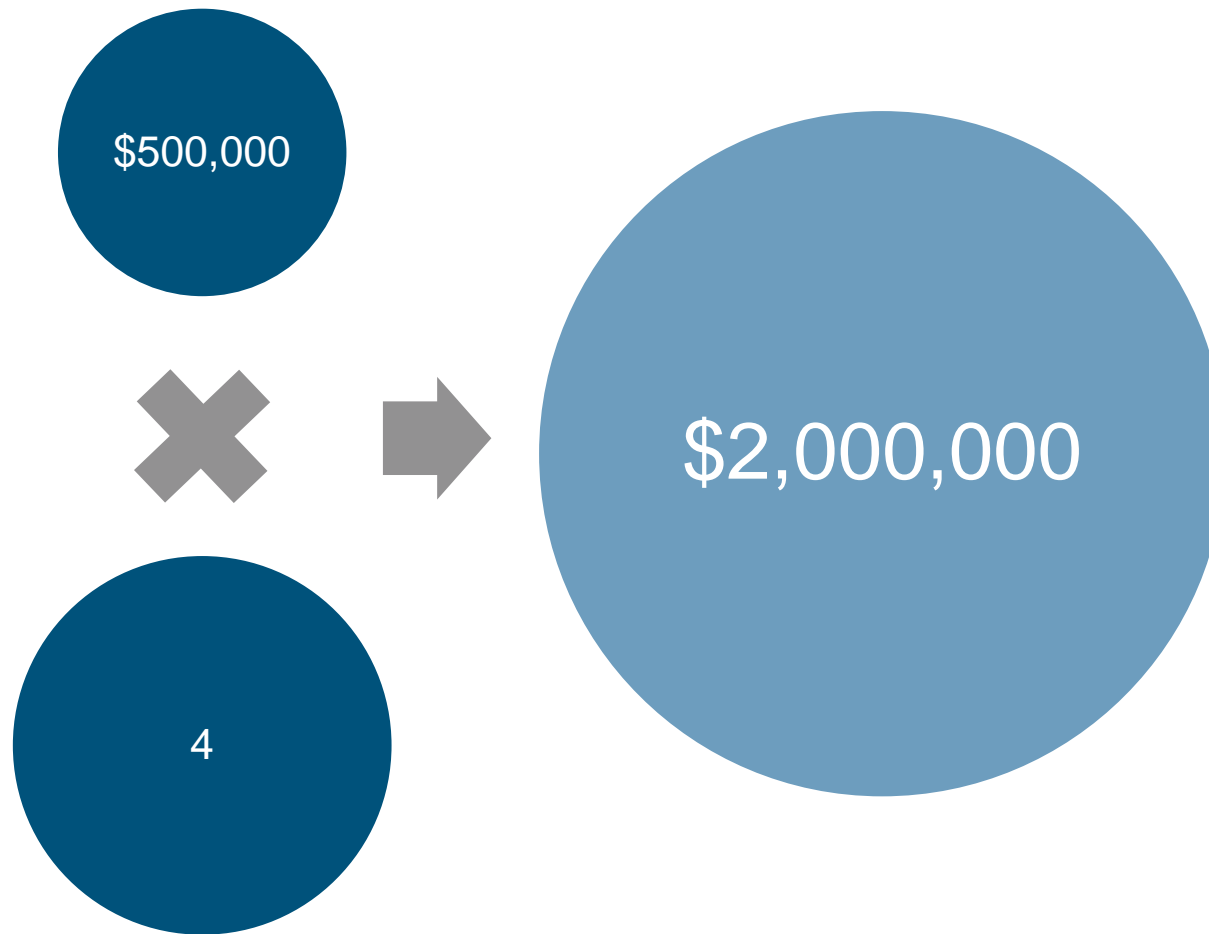
WHAT IMPACTS MULTIPLE?



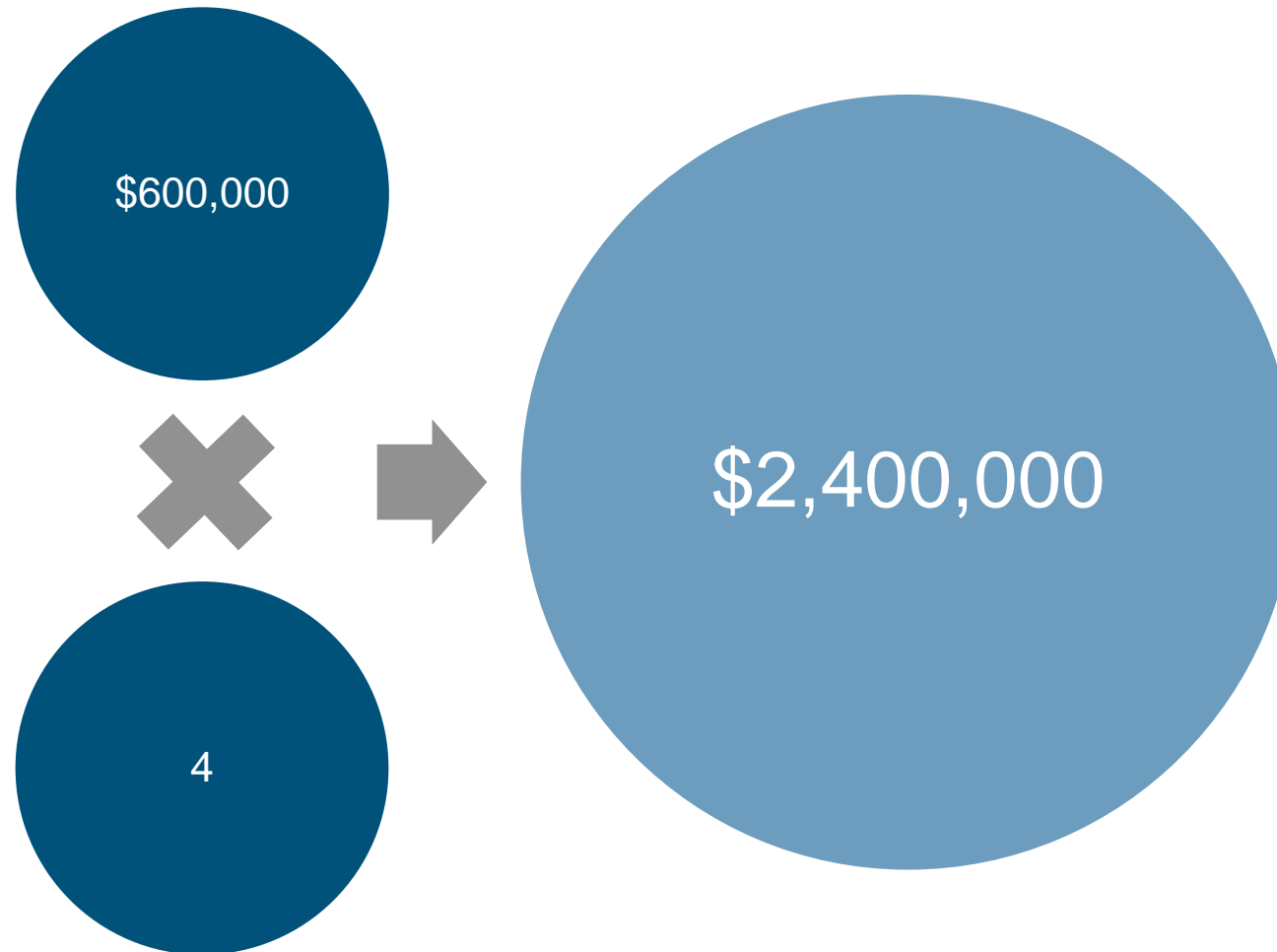
FORMULA FOR VALUE



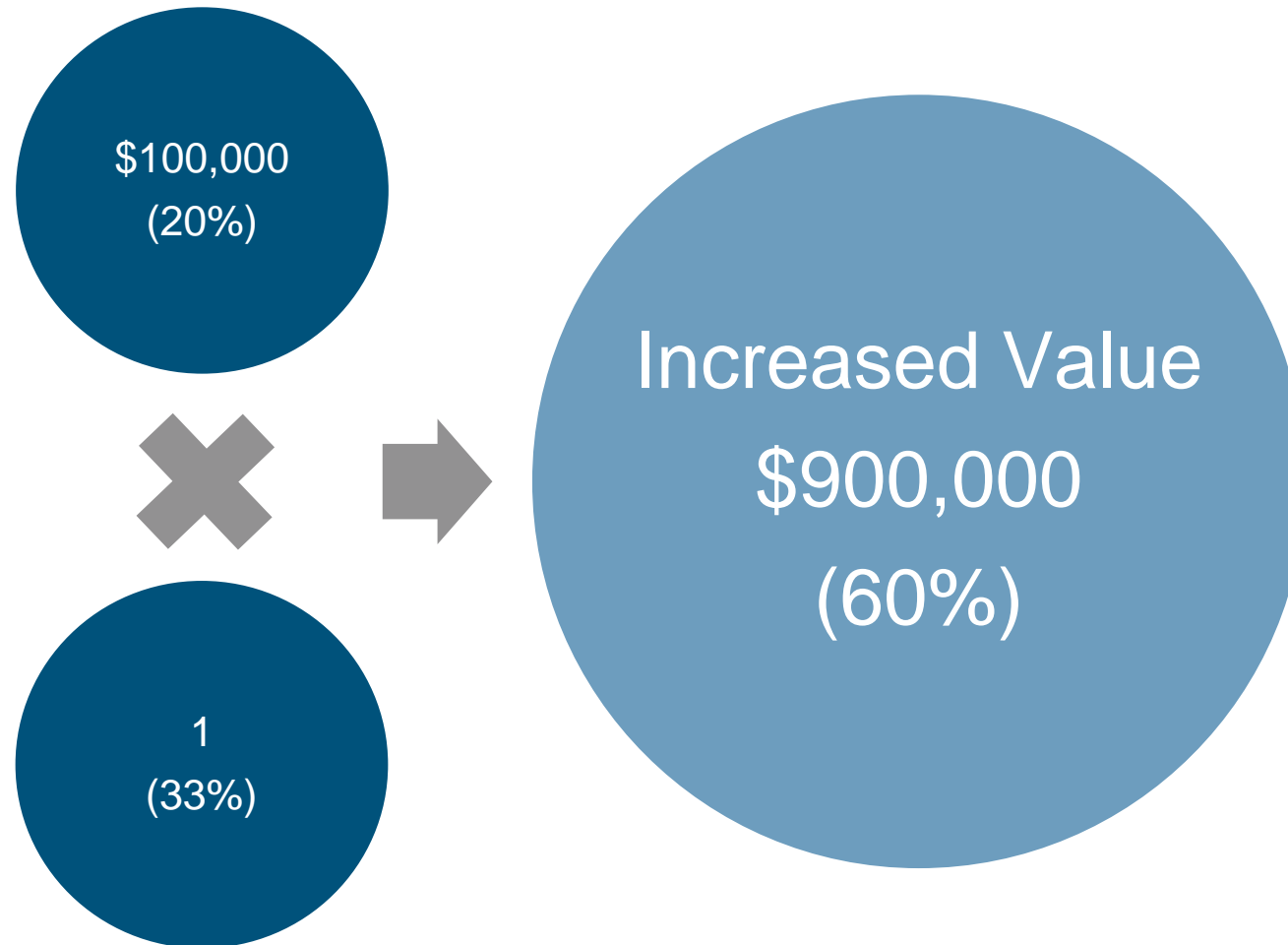
FORMULA FOR VALUE



FORMULA FOR VALUE



FORMULA FOR VALUE



STRUCTURAL IMPACT ON MULTIPLES

Structural Impact on Multiples - Matrix			
Category	Below Average	Average Range	Above Average
Product Type	High commodity products with low margins	Limited alternatives to products with average margins	Proprietary products with high margins
Customer Concentration	Top Customer > 50% of Revenue	Top 10 Customers < 50% of Revenue	No Customer more than 5% of Revenue
Market Size/Growth	Small Market Size, Shrinking	Low Market Growth	Large Market, Rapid Growth
Number of Competitors	Thousands of competitors, no differentiation	Balanced market share across industry	Market leader with few competitors
Barriers to Entry	Easy for new competitors to emerge and copy	New Entrants require significant investment to compete	Significant capabilities difficult to recreate
Supplier Contracts	No Contracts	Annual Contracts	Multi-year supply agreements with exclusivity
Supplier Operations	Core Operations Outsourced to Supplier	Painful to switch suppliers, but not crippling	Easy to bring in new suppliers
Supplier Concentration	Top 3 Suppliers > 50% of Purchases	Top 10 Suppliers < 50% of Purchases	No Supplier more than 5% of Purchases
Financial Statements	No CPA involvement, Compiled financials	Reviewed financials	Audited financials
Accounting Systems	Little to no accounting systems	Limited information systems	Sophisticated information systems
Operation Processes	No formal training or operating guidelines	Informal processes and reporting structure	Well documented systems and processes
Sales Processes	No explicit sales process	Sales process with uneven execution	Sales process with coordinated incentive programs
Economic Factors	Boom or Bust	Cyclical Business, Correlated to GDP	Steady Business, Grew through Recession
Government Factors	Heavy government pressures / regulation, constraining business	Heavy government pressures / regulation, promoting business	Little government involvement



Structural impact handout

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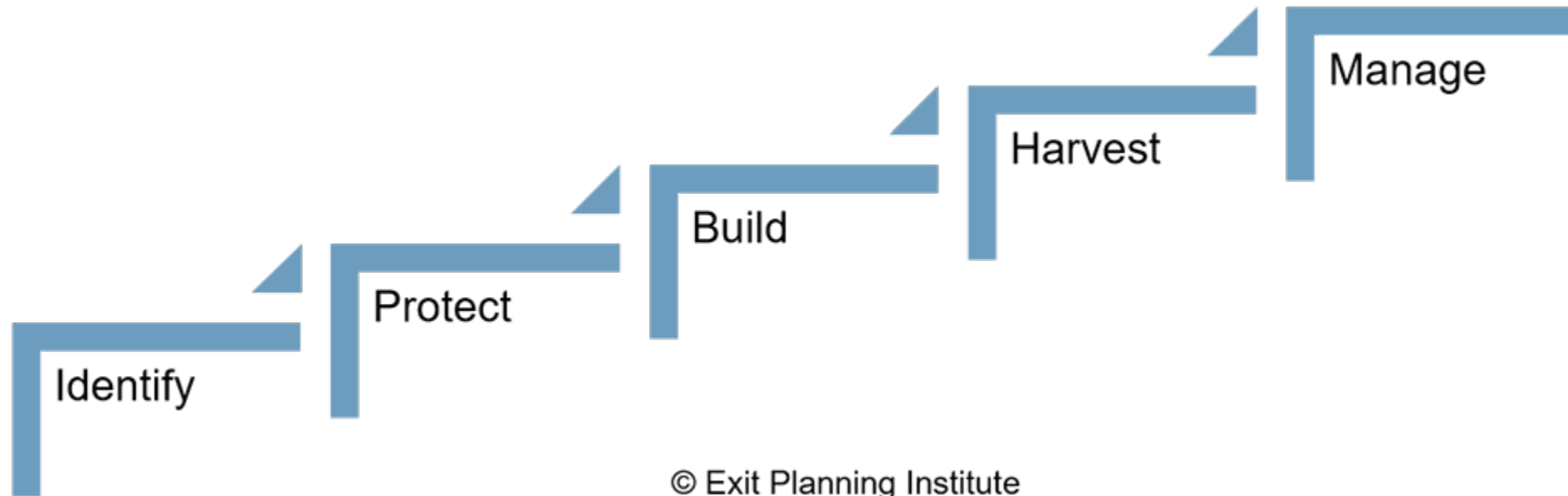


Poll question

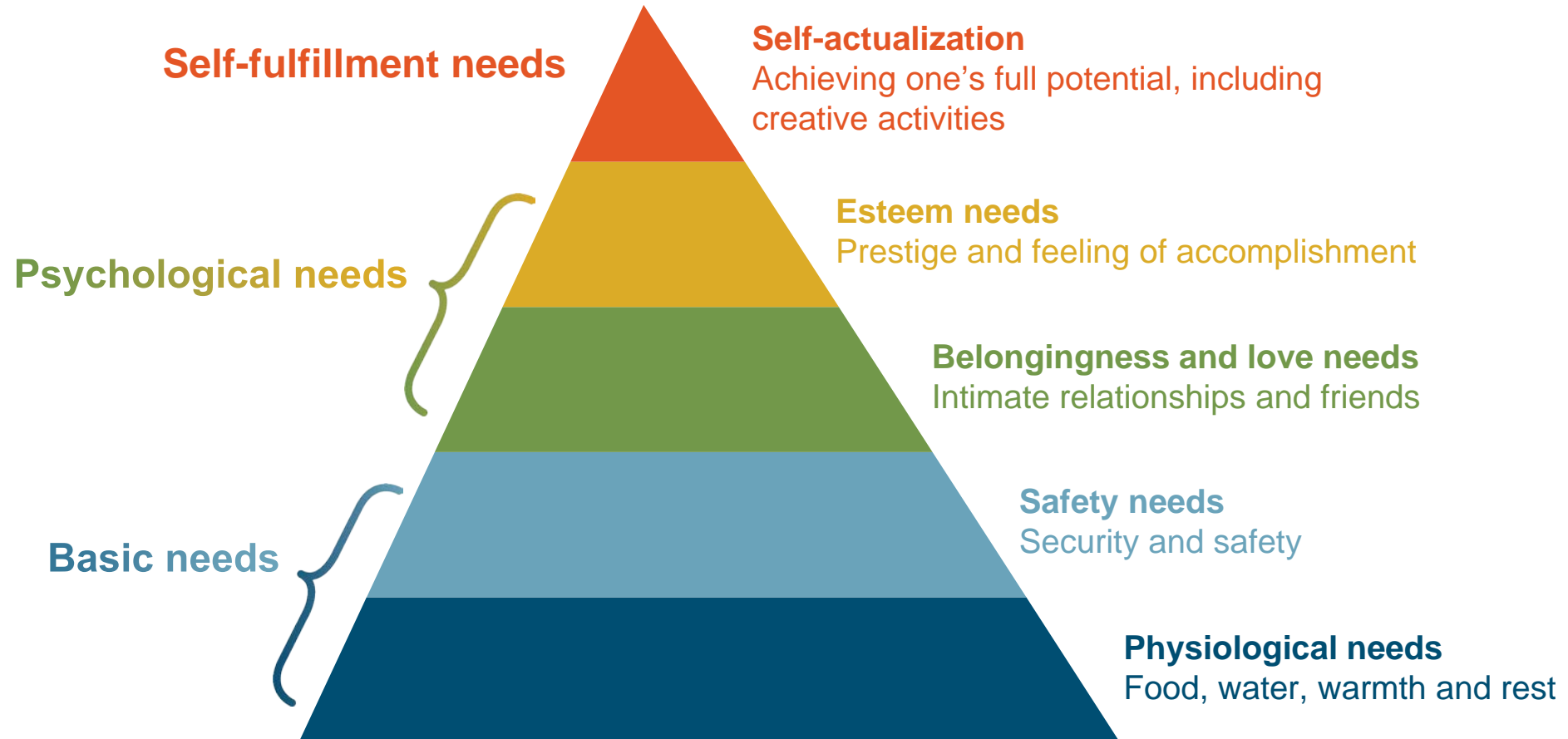
CHANGING OF TIDES



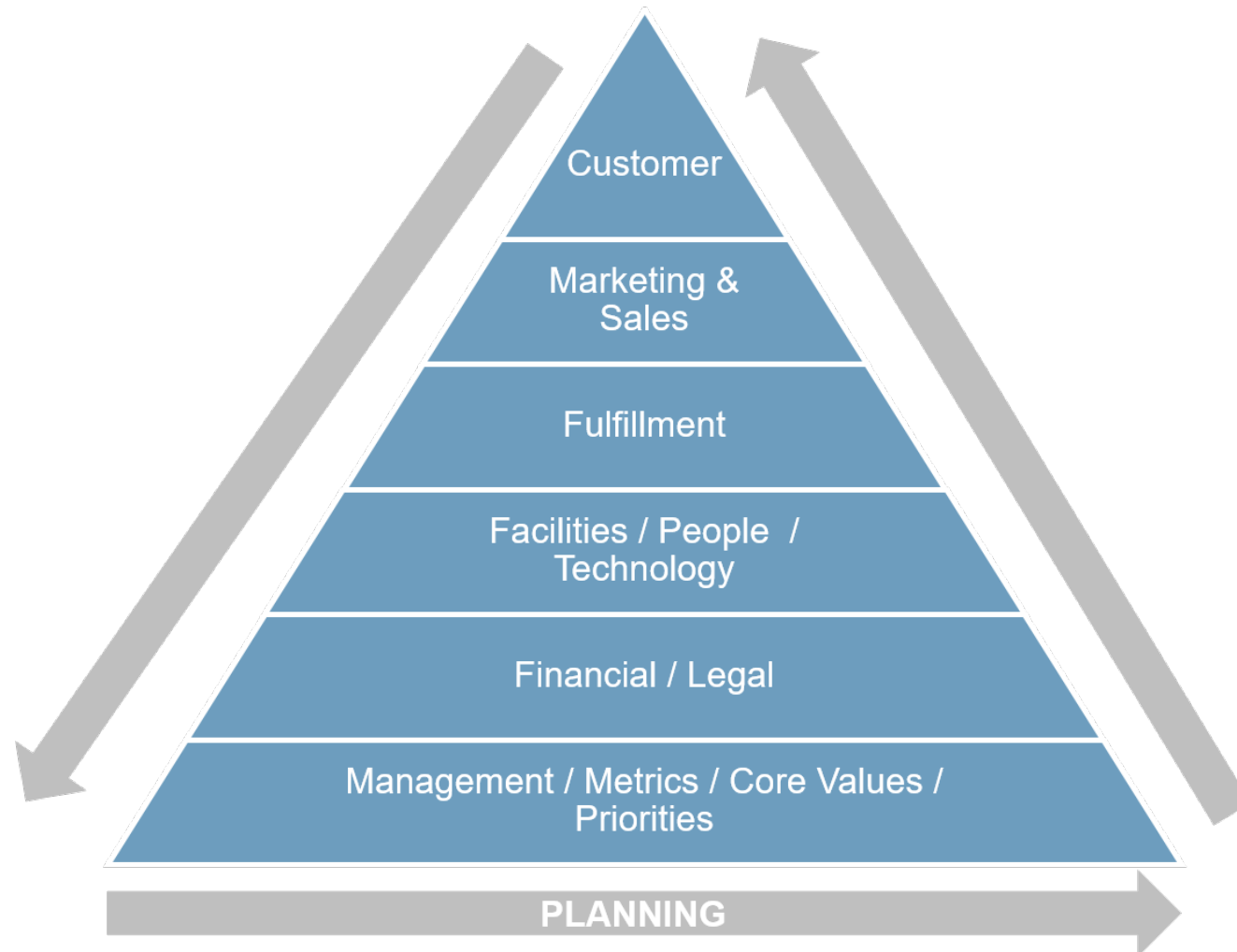
FIVE STAGES TO VALUE MATURITY



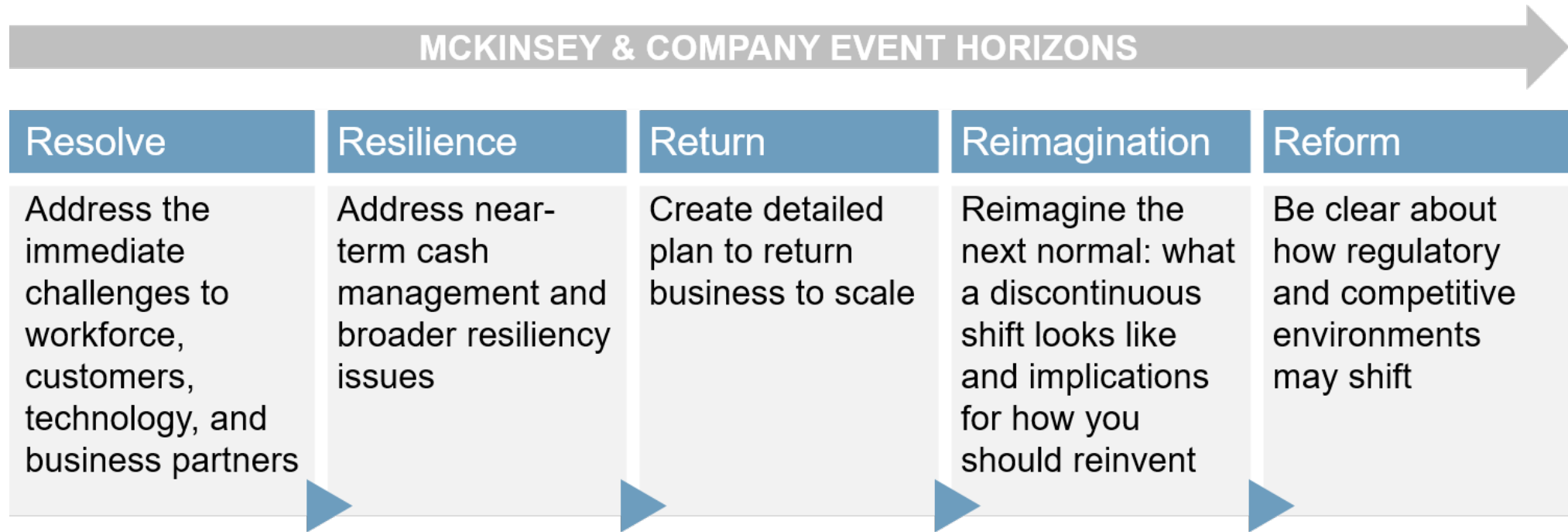
MASLOW'S HIERARCHY OF NEEDS



ACTION PLANNING



EVENT HORIZONS



Source: McKinsey & Company



Event horizons handout

EVENT HORIZONS - HANDOUT

Resolve

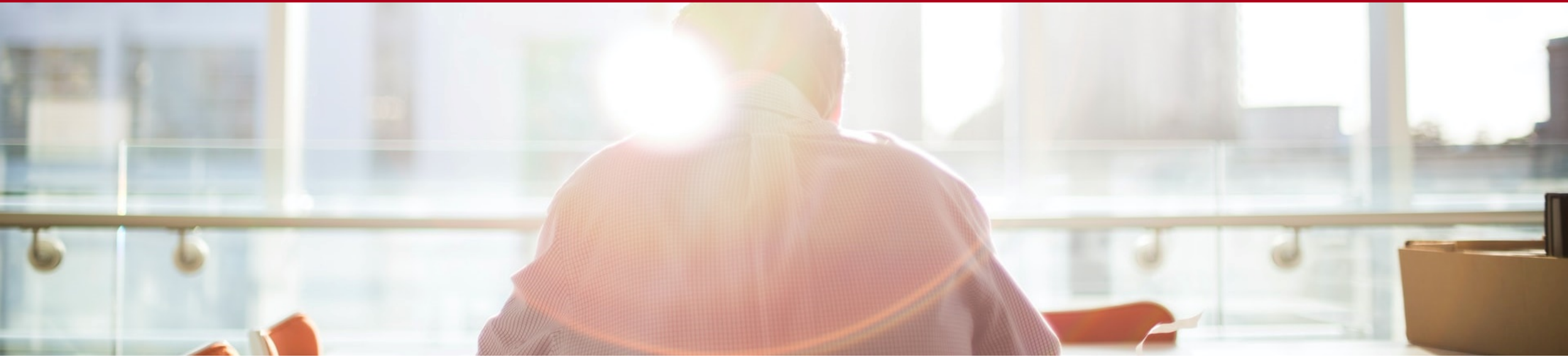
What are the immediate challenges to workforce, customers, technology, and business partners?

Resilience

How can I address near-term cash management and broader resiliency issues to shore up gaps?

Return

What are the three major themes of my detailed plan to return my business to scale?



Poll question

DIRECTION AND STRATEGY – WHAT SHOULD I DO?

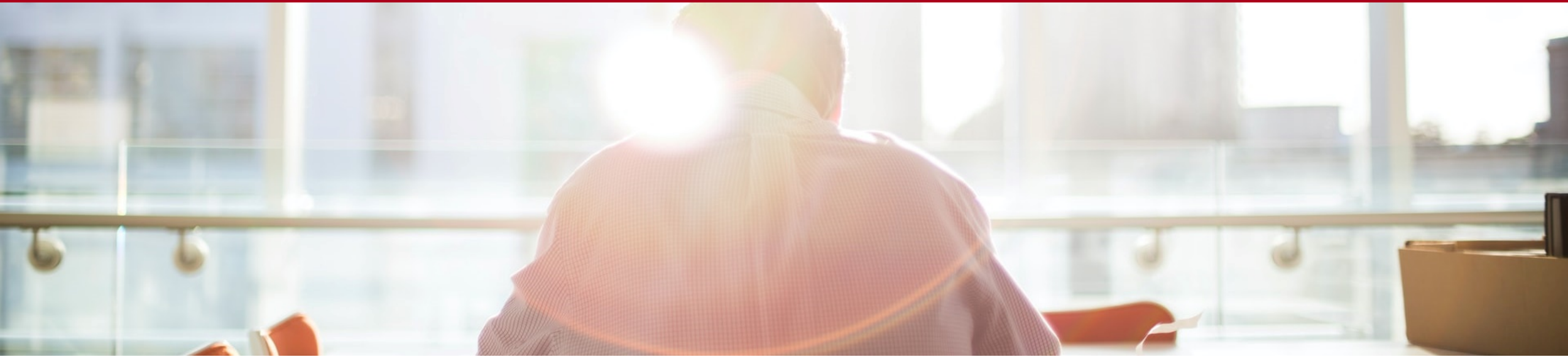
It depends...

- Where are you going? What are you aiming to accomplish?
- Have you defined this direction?
- What event horizon are you currently facing? Where are you at in the value maturity progression?
- Examples of keeping in family
- Examples of planning for retirement

A STEP BACK, BUT A LEAP FORWARD

A long-term, vivid vision is still in place, but we now have new markers along the way.

- Basic safety of you, your people, and continued connection with physical safety and security of your property.
- Management metrics, core values, and priorities drive resilience for long-term continuity by shoring up the foundation to build for the future.
- Assembling evidence in troubled times provides opportunity to capitalize on and fulfill core values.
- Resilience until rising tides.



Poll question

Contact us



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