

# SELL YOUR COMPANY FOR A HIGHER PRICE BY IMPROVING THE 8 ATTRIBUTES THAT DRIVE VALUE

In 2015, Dumas Capital Partners, LLC assisted the owners of a custom powder coater in selling 100% of their ownership, assets, and business to a Boston-based private equity firm. The sale was the result of a robust auction that started with almost 225 prospective strategic and financial buyers and ended with five all-cash offers. The valuation was at a considerable premium to 1x revenue. The following eight attributes were the most important to the prospective buyers. Whether preparing for the near- or long-term transition of your business, you can systematically improve one or all of these attributes now.

**Financial Performance:** Compare the financial performance of your company with the performance of the most successful companies in your or related businesses. How do you compare in revenue size, revenue growth, gross profit margin, and net profit margin? Is your financial accounting and reporting capable of supporting your growth? Develop a plan and set goals to grow your revenues and profits when compared to the most successful strategic companies in and adjacent to your industry.

**Growth Potential:** Identify which of your products or services have the highest potential for growth and the least risk associated with investing in them. In addition, identify the products or services that have the potential to scale the fastest.

**Customer Satisfaction:** Benchmark your customer satisfaction score against the most successful and fastest growing companies in your business. Buyers value predictable growth. Predicting your growth rate is directly correlated with your customers' likelihood to repurchase from your business.

**Recurring Revenue:** Focus on increasing both the number and quality of recurring revenue streams in your business. Recurring revenue increases the value of your business, smooths out demand to allow you to plan your work flow more efficiently, and improves the predictability of both profits and cash flow.

**Market Position:** Isolate the attributes and qualities of your business that give you a defensible market position. What marketing messages differentiate you from your competitors and are also the most meaningful to your customers.

**Hub & Spoke Management:** Minimize your company's dependence on you personally. The most valuable companies can operate without their owner's daily involvement in every aspect of the business. Identify additional training, systems, or business processes that will allow your company to operate without you.

**Reliance on Customers, Vendors, or Employees:** Reduce your reliance on any single or small group of customers, vendors, or employees. Stack rank your customers, vendors, and employees. Decrease the risk in your business and increase your company's value by developing and implementing an action plan to reduce your over-reliance on any single or small group of customers, vendors, or employees.

**Cash Flow Cycle:** Maximize the cash flow generated from day-to-day operation of your business. Identify and implement a set of actions that will increase cash flow, minimize or eliminate stressful periods of low cash flow, and maximize your return on investment, thereby increasing the value of your business to prospective buyers.

*Interested in learning more about the key value drivers of your powder coating company? Contact us at:*



**Jack Kearney, Managing Director**  
**Dumas Capital Partners, LLC**  
Dallas, Fort Worth, and Denton, Texas  
(214) 274-9189  
JackKearney@DumasPartners.com

