

Building a Sustainable, Scalable, and Saleable Business



Learning Objectives

In this session, we will discuss techniques for creating well run companies that are sustainable and positioned for growth, then making them scalable, and finally what makes a company or individual equity owner attractive to a potential buyer.

We will discuss:

- Knowing your Company's purpose. The "Why" of your company.
- Clearly identifying your products and services and establishing pricing that is profitable and within the local market price. The "What" of your company.
- Creating thoughtful processes and operations to increase efficiencies and company value. The "How" of your company.
- The importance of CEOs spending more time working on the business than in the business.
- The difference between growth and scaling.
- Why scale?
- Using acquisitions to scale your company.
- Positioning your company to be sold or your individual equity interest to be acquired.



**GALLEROS
ROBINSON**

CERTIFIED PUBLIC ACCOUNTANTS, LLP

About Galleros Robinson, CPA

- ✓ 4 offices - New York, New Jersey, Florida and the Philippines
- ✓ Over 60 professional and administrative staff
- ✓ Two sectors:
 - Public sector - primarily not-for-profit, governmental, employee benefit plans
 - Private sector - primarily privately and publicly held companies



About Galleros Robinson, CPAs, continued

Primary Lines of Service

- ✓ Financial statement assurance
- ✓ Taxation
- ✓ Advisory and consulting
- ✓ CFO support services



About Galleros Robinson, CPAs, continued

- MBE and WBE certified
- Work with several larger CPA firms on a variety of government projects
- Clients located both nationally and globally



About Galleros Robinson, CPAs, continued

Our Growth Trajectory

12/31/2017 – 15 professionals and administrative staff including 2 partners, 2 offices

Projected by 12/31/2022 – 70 + professionals and administrative staff including 6 partners, 4 offices



Creating Sustainability

Creating Sustainability

Know Your Company's Purpose; The "Why" Of Your Company

- ✓ Requires agreement among the senior leadership
- ✓ Should be clearly communicated throughout the organization
- ✓ Should be reflected on your website, marketing materials

Creating Sustainability, continued

Identify Your Products And Services; The “What” Of Your Company

- ✓ List them in order of importance
- ✓ Clearly communicate them on your website, marketing materials
- ✓ Establish pricing that is profitable and within the local market price. Don't get in the habit of low balling.
- ✓ Look for cross sell opportunities
- ✓ Constantly be looking to develop other products and/or services to offer to clients
- ✓ Should be clearly communicated throughout the organization

Creating Sustainability, continued

**Create and Clearly Communicate Your Company's Core Values.
Live Your Company's Core Values**

Identify Your Company's Culture As It Relates To:

- ✓ Quality of service and product offerings
- ✓ Corporate governance
- ✓ People culture (for example, work life balance, diversity, recruiting, hiring, retaining and advancing talent, etc.)

Creating Sustainability, continued

Create Thoughtful Processes And Operations; The “How” Of Your Company.

- ✓ Preferably cloud based and paperless
- ✓ Checks and balances to mitigate errors (example, technical review of completed engagements)
- ✓ Frequent team meetings that are meaningful
- ✓ Consistent review of work in progress, billing, collections
- ✓ Delegate, delegate, delegate. Leaders lead. Leaders delegate
- ✓ Spend more time working on the business than in the business
- ✓ Establish bank lines of credit to finance growth



Creating Sustainability, continued

Establish Your Team

- ✓ Establish the leadership team and their individual specialties
- ✓ Identify job titles and an understanding of what is required at each level, including compensation levels for all staff
- ✓ Establish process for onboarding and offboarding talent

Creating Sustainability, continued

Build Your Company's Brand

- ✓ Establish a marketing plan to bring in business
- ✓ Clearly identify your target market
- ✓ Define what makes you different from your competition; what is your niche
- ✓ Consistent outreach to your target market
- ✓ Network

Creating Sustainability, continued

Consistently Connect With Your Existing Customers

- ✓ Great source of referrals
- ✓ Be in touch with clients' needs and concerns
- ✓ Identify Centers of Influence within your client base for more consistent interaction

Becoming Scalable

Becoming Scalable

The difference between *growth* and *scaling*: We think of *growth* in linear terms: a company adds new resources (capital, people, or technology), and its revenue increases as a result.

By contrast, *scaling* is when revenue increases without a substantial increase in resources.

Processes "that scale" are those that can be done en masse without extra effort - if I send an email to 10 people or 1 million, my effort is essentially the same with minimal, if any, increase in cost.

In business – and in life – if you're not growing, you're dying. Take the time and do it right!



Becoming Scalable, continued

Know The “Why” Of You Scaling

- ✓ Don't change your company just for the sake of change – when you strategically align your choices with your ultimate purpose, scaling your business will come easily.
- ✓ Requires agreement among the senior leadership
- ✓ Should be clearly communicated throughout the organization in writing
- ✓ Execute plan responsibly and in an orderly fashion.

Becoming Scalable, continued

Identify Potential New Products and/or Services

- ✓ List them in order of importance
- ✓ Clearly communicate them on your website, marketing materials
- ✓ Review existing clients. Consider shedding low margin clients to make way for higher margin clients
- ✓ Look for cross sell opportunities
- ✓ Identify joint venture opportunities with other companies to generate revenue

Becoming Scalable, continued

- **Revisit and Revise, where applicable, Your Company's Core Values.**
- **Revisit and Revise, where applicable, Your Company's Culture as it relates to:**
 - ✓ Quality of service and product offerings
 - ✓ Corporate governance
 - ✓ People culture (for example, work life balance, diversity, recruiting, hiring, retaining and advancing talent, etc.)

Becoming Scalable, continued

Processes and Operations

- ✓ Be constantly adapting and innovating. The software that you used while growing may not be a good choice for scaling.

- ✓ Whenever and wherever possible outsource

Possible areas – HR, payroll, benefits, accounting including billing, AP, marketing, technology, administrative functions

- ✓ Delegate, delegate, delegate. Leaders, lead. Leaders, delegate.

- ✓ Spend more time working on the business than in the business

- ✓ Review existing bank lines of credit to finance growth



Becoming Scalable, continued

Expand Your Company's Brand

- ✓ Clearly identify new target markets
- ✓ Re-define what makes you different from your competition
- ✓ Continue consistent outreach to your target market
- ✓ Network strategically

Becoming Scalable, continued

Re-connect With Your Existing Customers

- ✓ Great source of referrals
- ✓ Be in touch with clients' changing needs and concerns
- ✓ Identify Centers of Influence within you client base for more consistent interaction
- ✓ Communicate the firm's growth and ability to take on larger and more diverse projects



Becoming Scalable, continued

The Art of the Acquisition

- Great way to quickly increase revenue
- Opportunity to increase service and product offerings
- Should result in a reduction of operating costs
- Two ways to acquire – Merge or purchase
- Be clear that target is a good fit strategically and culturally
- Financing acquisitions

Becoming Saleable

Becoming Saleable

- Focus should be on building a profitable company
- Must have solid margins and strong profitability; requires a shedding of clients that are not profitable
- Strategic acquisitions of companies with younger leadership that can eventually buy out older partners
- Constantly innovating and expanding service offerings
- Unique service offerings or position in the marketplace





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