

Bitesize Business Breakthrough



...in the time it takes to drink a cup of tea

Build to Sell

Support tools and resources

Are you brave enough to make your business less and less reliant on you?

Planning for the future of your business seems like a pipe dream when you are so involved in the day-to-day running of it.

It's hard enough dealing with products, services, operations, deliveries, meetings, calls, marketing, selling, HR, admin, team issues – the list goes on and on.

But it is important for you, and for your team and your customers, that you make time to decide what the future of your business looks like...

Most business owners don't start their business thinking about building its capital value ready for selling, but even if you are not thinking of selling right now, simplifying your business, increasing its appeal and making it less reliant on you can never be a bad thing.

So, ask yourself this one question:

How can I increase the capital value of my business and make it less reliant on me?

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5. The books and other resources

STOP waiting until you're ready to sell to prepare your business for sale

START building a better business now by preparing it for sale

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1. The one 'BREAKTHROUGH QUESTION' you must ask to help yourself...

How can I increase the capital value of my business and make it less reliant on me?

Unfortunately, many business owners fail, when building or growing their business, to build in options that look after everyone (including themselves as business owners).

It shouldn't be this way, but the statistics are enlightening (and scary)...

In 2021, for only the second time in 20 years, the UK witnessed a net decline in the number of businesses of 6.5% - which is 389,600 businesses, despite there being **810,316 new business start-ups** in the financial year ending in 2021 (according to the *Business Statistics* bulletin).

Stark insights, but if you've got past the high-risk start-up phase, you should be proud of the risks you've overcome, the hard work you've invested and your determination to keep going. It's tough to make a business survive, never mind make it a success. But at some point, planning for your future must kick in...

2. 4 reasons to prepare your business for sale

It's unlikely that the author and philosopher Eckhart Tolle was considering the lifecycle of your business when he said:

"The contemplation of one's mortality... is a liberating act that makes life feel considerably less heavy."

But Tolle's words point to a practical insight for all business owners – business owners don't live forever and should work out the future options they want for themselves and their business.

Your options increase when you start to prepare your business for sale. Even though it's hard to imagine that you'll ever want to leave the business you've worked so hard to build, it makes a lot of sense to prepare your business for sale for many reasons:

- Your business may be your best chance of having a worry-free, financially secure retirement
- You may want the freedom to start another business or become involved in other projects or businesses, or you may have new investments planned or need cash to deal with a personal financial matter – for example, a deposit for a child's house or another property for yourself
- You may want more time for yourself and your family or you may want to spend your hard-earned retirement traveling
- You may just want to sleep better at night knowing that you could sell your business if you wanted or needed to

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Preparing your business for sale means you create options and bring a sense of certainty and security to the future of your business.

Even if you decide not to sell, it pays to prepare your business for sale by simplifying the way it is run and by making it less reliant on you. Both of these things make for a simpler way of running it right now, while at the same time making it more attractive to potential buyers when you do want to sell it.

3. John Warrillow's 8-step roadmap

John Warrillow has started and exited 4 businesses, selling one to a listed company. He has conducted radio interviews with hundreds of entrepreneurs.

He has also helped many business owners prepare their businesses for sale and in his brilliant book, *Built to Sell*, he shares his experiences.

"Have an 'options strategy', as opposed to an 'exit strategy'. The idea is to have as many choices in the future as possible. When you follow an options strategy, you build systems and a management team around you so that if a buyer comes along, or you decide it's the right time to get out, you have a sellable business".

"It's also worth considering how Leon, the UK fast food retailer, achieved 20 times Ebitda when selling to the Issa brothers. They set out to build a business to sell it. They built their business for sale. You could also".

Here are some other great insights from his book, *The Art of Selling Your Business: Winning Strategies & Secret Hacks for Exiting on Top*:

"There is a systematic way to calculate the value of your company—but if you're all head and no heart, you will miss the point."

"There's an art to selling a business well. It comes down to how you package it, the story you tell about it, and the feeling it gives potential buyers when they imagine owning it."

"The art of selling your business is getting someone to value something they cannot touch. In essence, they are buying a story about what your business could be in their hands."

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In his book, *Built to Sell*, John Warrillow discusses 8 steps that create a roadmap for building a business that can thrive without you:



Step 1 – Develop a Standard Service Offering (SSO) – focus on ONE thing:

- Focus on one specific thing and do it really well
- A business that tries to do many things is difficult to manage
- A complex business means the business is still heavily reliant on the owner (you)
- Find your 'sweet spot' product or service or Standard Service Offering (SSO)
- An SSO is a service your customers find valuable
- An SSO is a service your business does really well, giving you an advantage over your competition
- An SSO is a service that you can teach others to sell, thus freeing up your time
- Focusing on your SSO means you can make the business less reliant on you AND build your capital value whilst maintaining or growing your revenues and profits

Step 2 – Develop Positive Cash Flows – get 'cash positive':

- The level of cash stress or comfort you have in your business will directly affect the interest of potential buyers
- Buyers are much more likely to be interested in businesses with a positive cash flow cycle, one that generates cash
- Encouraging customers to pay in advance or by direct debit is a good way to generate regular cash flow – this is a lot easier if you have a strong and attractive Standard Service Offering

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Step 3 – Hire a Sales Team – get others to sell for you:

- You need to remove yourself from the day-to-day operations of your business
- John Warrillow is adamant that you should hire people who are good at selling your products, **not** services
- Avoid professional salespeople – remember you want them to sell your SSO, not reinvent your sales portfolio

Step 4 – Commit Fully to Your SSO - stop accepting non-standard projects:

- If you are serious about making your business less reliant on you, then you need to stick to your SSO
- If you are serious about managing the complexities **out** of your business, then you need to stick to your SSO
- If you are serious about selling your business, then you need to stick to your SSO
- Preparing your business for sale is a long transitional process; accepting a few small projects at the beginning is okay, but eventually your SSO will need to dominate
- This is the toughest step as your customers and team will keep pushing you to make exceptions and you'll be plagued by self-doubt – but you need to resist the temptation and stick to your SSO

Step 5 – Retain the Key Manager – launch a Long-Term Incentive Plan for your managers:

- Your management team is valuable to you and any future buyers
- They provide business continuity
- A buyer will want to see that you have a management team that can run the business without you
- A buyer will want to see that you have a management team that will stay after the business is sold
- Build a long-term reward plan for your crucial managers and team members 12-24 months after any sale
- Avoid using equity as a retention tool, this could complicate the business sale

Step 6 – Find a Suitable Broker:

- This might be your first time selling a business, so it pays to seek help from an expert
- Also seek the expertise of your accountant and a lawyer
- Find a broker who knows your industry – they might have potential buyers in mind
- Prepare an ambitious 3-year business plan and share it with your broker – it will help attract buyers

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Step 7 – Tell the Team – especially your Management Team:

- Inform your team or management team in plenty of time – better that they hear it from you than from the rumour mill
- Giving your team plenty of notice helps them to understand and appreciate your goals, both personal and professional
- Involve your team in the preparation of the presentations to buyers – this fosters buy-in
- The buyers will want to meet your team, so take them to meetings with prospective buyers
- Make sure your team appreciates how an acquisition can mean significant career opportunities for them

Step 8 – Convert the Offer(s) Into a Binding Deal:

- After your presentations to potential buyers, you may get offers in the form of non-binding Letters of Intent
- Be prepared for the time-consuming, emotionally challenging and rigorous process of due diligence (60-90 days)
- The challenges of negotiating can be hard on you and your team
- This process requires calmness, patience and determination to see the deal through
- Don't be too hung up on earn-out if you get what you want from the sale of your business

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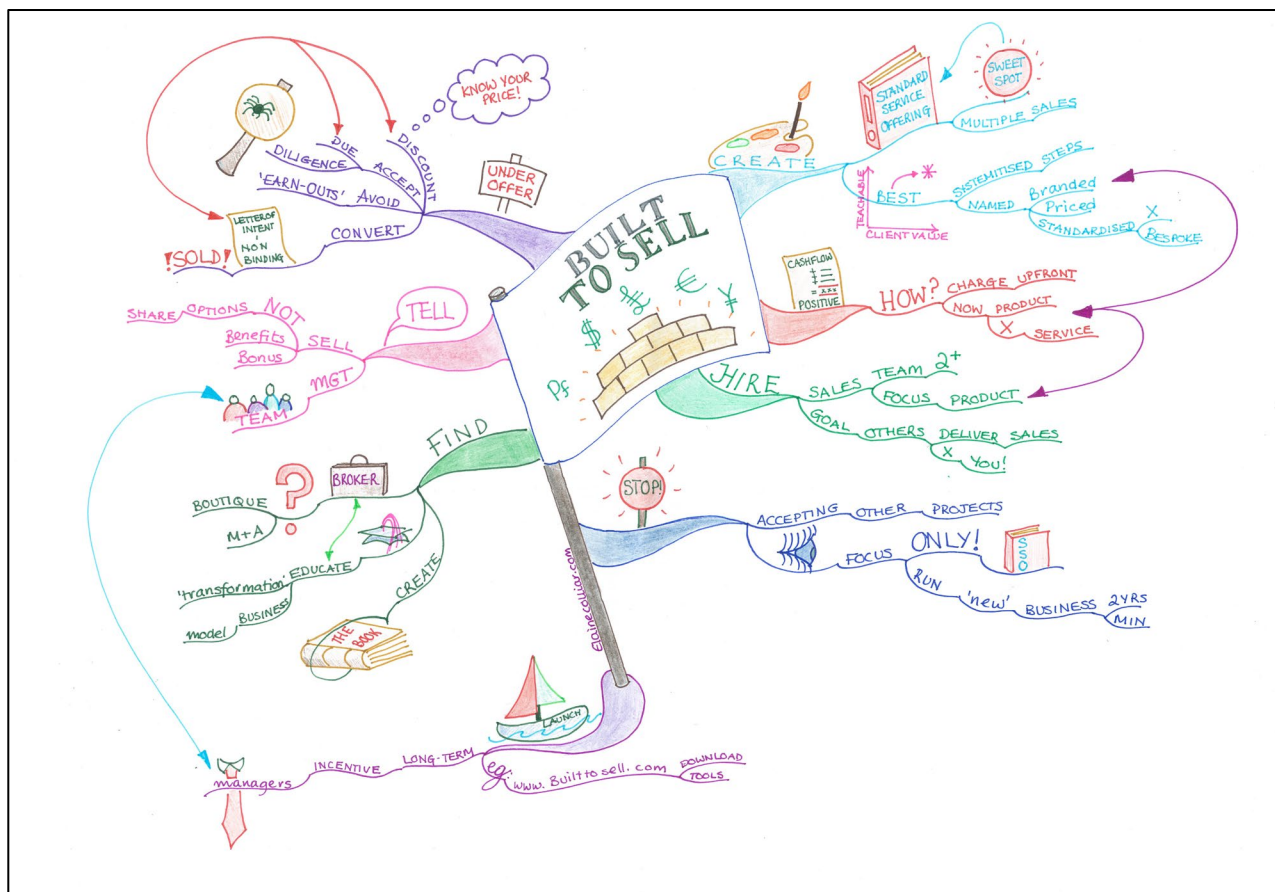
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4. *Built to Sell* Mind Map

Please see below a brilliant illustration of a mind map for the *Built to Sell* process, which charts and details its pitfalls, benefits and challenges. This would be great to use in a team talk or presentation or to use as a starting point for a brainstorming session about your business.



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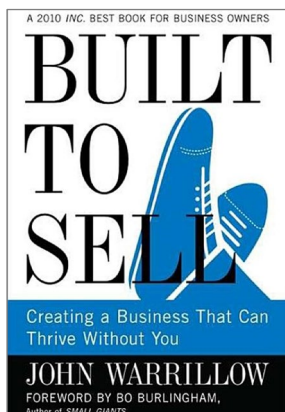
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5. The books and other resources

Do you want your business to grow and prosper without sacrificing the freedom to live the lifestyle you want? Do you want to build a company that you can cash out and sell one day so that you can retire comfortably or go after your next big idea?



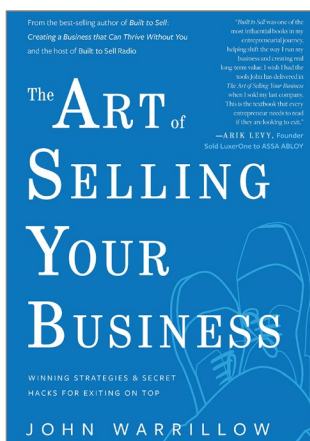
In *Built to Sell* by John Warrillow, you will discover that these ideas are not mutually exclusive. The idea that you have to work your fingers to the bone for years to build a sellable company is flawed. In fact, the opposite is true. If you want to sell your business for the maximum amount of money, it needs to be designed to thrive without you, so the next owner can continue to grow and profit from your hard work when you're gone.

Inside *Built to Sell*, you'll discover how to create a fast-growing, profitable, scalable business that will give you the flexibility and freedom you desire. After all, that's why you became an entrepreneur in the first place. And you'll find out how to leverage that automation and profitability into a big cash buyout when you're ready to move on to your next endeavour.

[Buy *Built to Sell* here](#)

Other resources:

Every owner must part with his or her business one day. Many will close their doors, realising little for their life's work—while a select few will become fabulously wealthy.



The Art of Selling Your Business: Winning Strategies & Secret Hacks for Exiting on Top is the last in a trilogy of books by author John Warrillow on building value. The first, *Built to Sell*, encouraged small business owners to begin thinking about their business as more than just a job. *The Automatic Customer* tagged recurring revenue as the core element in a valuable company and provided a blueprint for transforming almost any business into one with an ongoing annuity stream.

This essential guide to monetizing a business is based on interviews the author conducted on his podcast, *Built to Sell Radio*, with hundreds of successfully cashed-out founders.

[Buy *The Art of Selling Your Business* here](#)

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Built to Sell Radio is a weekly podcast hosted by John Warrillow for business owners interested in selling a business. Each week, they ask an entrepreneur who has recently sold a business why they decided to sell their business, what they did right and what mistakes they made in the process of exiting their business. *Built to Sell Radio* is the ultimate insider's guide to approaching the most important financial transaction of your life.

[Listen to the Podcast here](#)

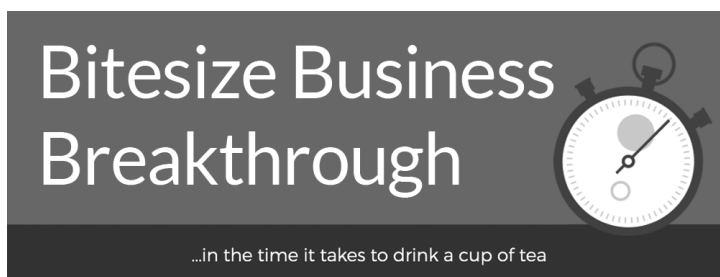
Hosted by Ryan Tansom – Here is the last episode of his 3-part series on evaluating your business, a podcast with John Warrillow.

This episode, *8 Ways to Increase the Value of Your Business*, focuses on value building and the 8 key value drivers buyers consider when purchasing a company. John Warrillow explains the value builder system and how it streamlines the due diligence process.

There are lots of resources and tools shared during this episode, so click the link below to learn how to create a clear roadmap to getting the best price possible for your business.

8 WAYS TO INCREASE THE VALUE OF YOUR BUSINESS

[Click here to access the podcast.](#)



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Here is John Warrillow talking at the 'Speakers' Spotlight' a few years ago:

He discusses getting back to the reasons you started your business and creating a company that is **built to sell**.

During this short video John talks about the importance of creating a business that can thrive without you:



[Watch this video here](#)

If you'd like more details about how to get your business ready for sale, here is a live stream from 2021 with David C Barnett (Small Business and Deal Making SME) and John Warrillow (author of *Built to Sell* and *The Art of Selling your Business*).

In this livestream, David and John discuss how a business you start or buy could be transformed with some of John's methods. Whether you own a business, or would like to one day, these concepts will prove valuable if you truly want to make any business into a desirable, marketable asset.



[Watch to this live stream here.](#)