



# Identifying & Building Value in your Business

(Value Acceleration & Exit Planning)

**November 2019**

**BRIAN FEENEY**

**We're by your side**

**Within six years, ALL baby-boomers will be over 60 years old**

**Own majority of the private businesses in Ireland**

**Most of their wealth is tied up in their businesses**

**Most of these will transition over the next 10 years**

**Only 18% of Irish family businesses have a formal succession plan**

**The Age Wave**  
Thousands of  
Businesses  
**€ Billions in  
Wealth**

# Always Be Ready to Transition

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## The 5 D's

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Death

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Disability

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Divorce

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Disagreement

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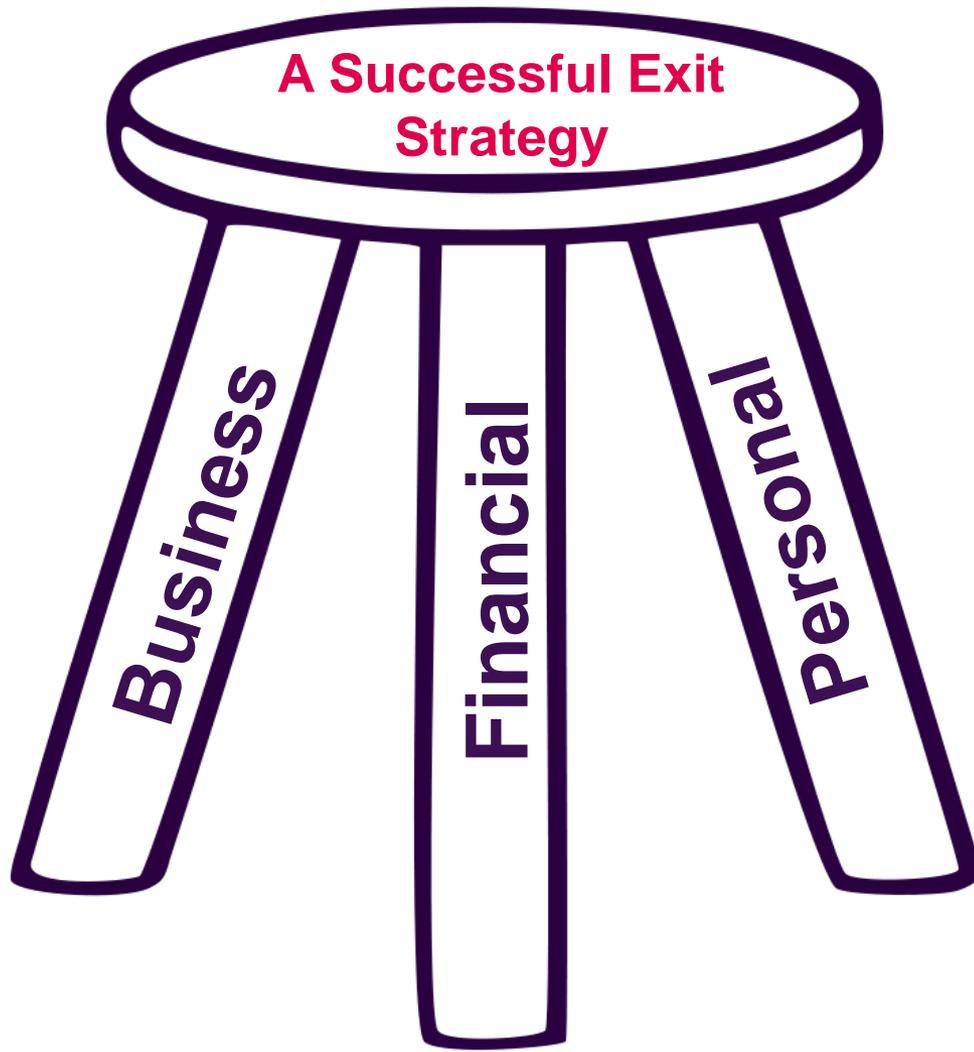
Distress

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Unsolicited offer to sell

# 3 Legs of the Stool

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A Successful Exit Strategy Has Three Legs:

**Business** - Maximizes Transferrable Business Value

**Financial** - Ensures Owner is Financially Prepared

**Personal** - Ensures there is a plan for "What Next?"

# Value and Income

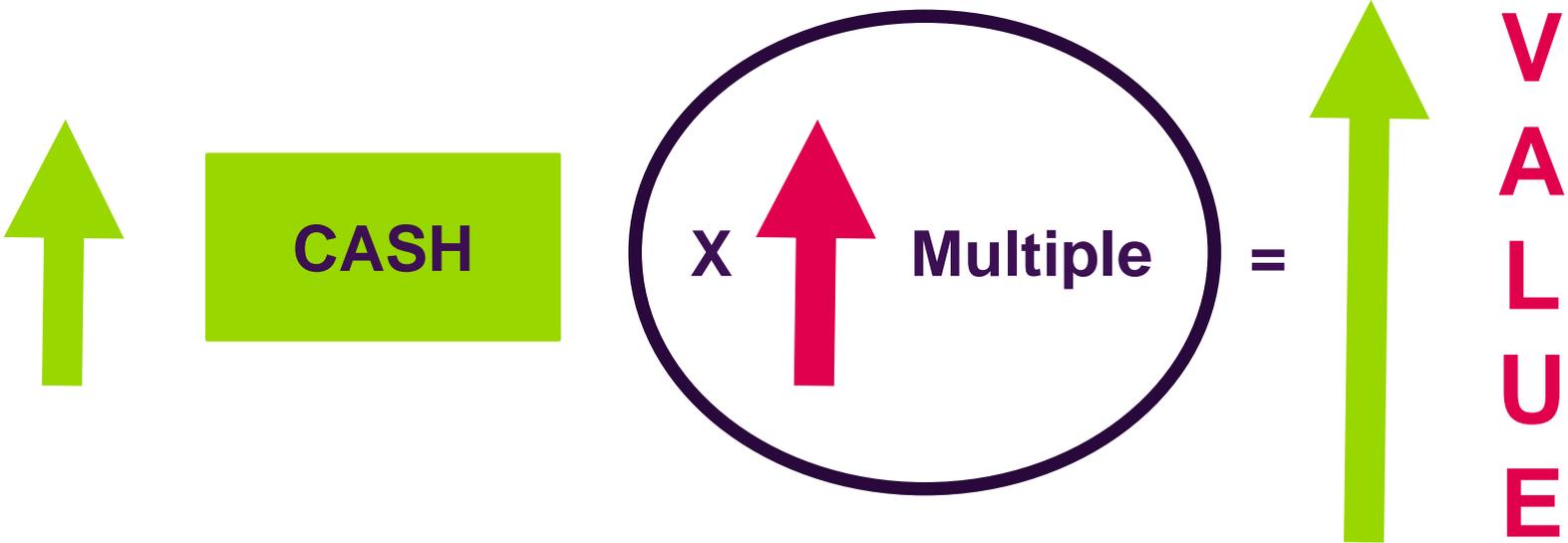
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Owners are leaving € on the table because they are focussed only on Income generation and not on Enterprise Value

# Stage 1: Identify Value

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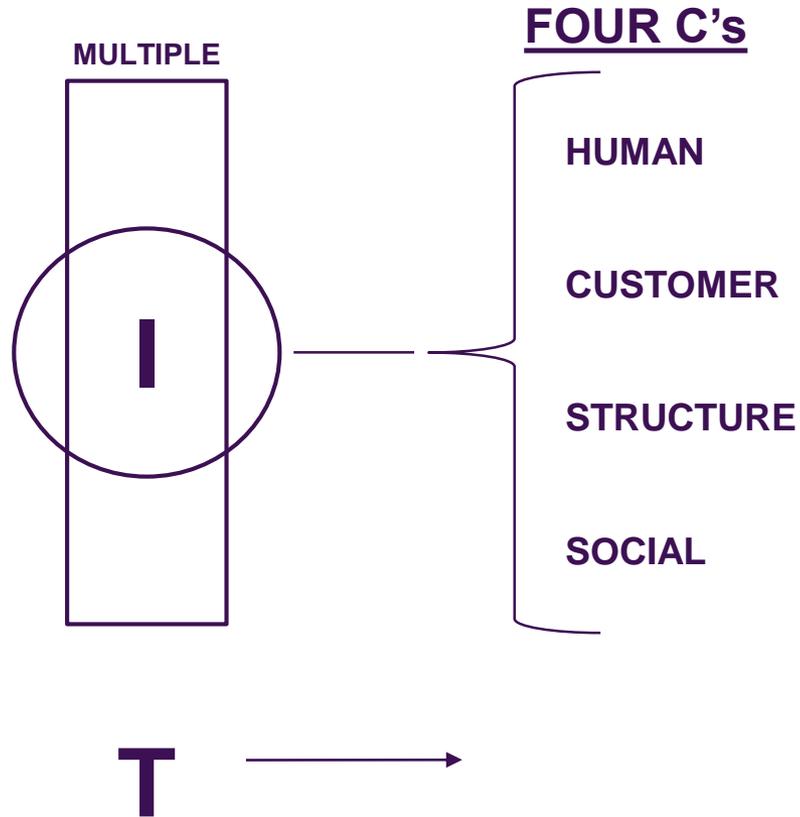
# Tangible Versus Intangible Assets

Traditional accounting systems are set up to provide regular feedback on **tangible assets**...

...yet, your **intangible assets** are the direct drivers of business attractiveness.

Value Acceleration  
(Intangibles)

Accounting System  
(Tangibles)



Can you measure the value of your intangible assets?

# Most Valued Companies

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## Most Valued Companies

What do these companies have in common?

Company	Market Value (in billions)	Total Shareholders' Equity (in billions)
Apple	752	128
Google	580	152
Microsoft	508	72
Amazon	427	27

# The 4Cs – What Builds Strong Capital?

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## CUSTOMER

- Relationship
- Contracts

## STRUCTURAL

- Processes
- Technology
- Systems

## HUMAN

- Strong Management Team
- Talent
- Knowledge

## SOCIAL

- Brand
- Culture



# Common Sense Scoring



\_\_\_\_\_ Human capital

\_\_\_\_\_ Customer capital

\_\_\_\_\_ Structural capital

\_\_\_\_\_ Social capital

# Maximizing Business Value

COMPANY A	Comparable Companies?	COMPANY B
25 Years Old Niche Product €30m €3m Nominal	Company Age Product Sales EBITDA Market Growth	25 Years Old Niche Product €30m €3m Nominal
None Original and Worn Thin and Weak None Old, Antiquated Unreliable None At Risk Haphazard	Product Development Program Equipment Condition Management Team Strategic Planning Information Systems Financial Reporting Lean Initiatives Sustainability Training	Robust New, State-of-the-Art Deep and Experienced Highly Developed State-of-the-Art Highly Disciplined Fully Implemented Industry Leader Regular and Formal

**Would They Both Have the Same Value?**

# Which Company Has More Value?

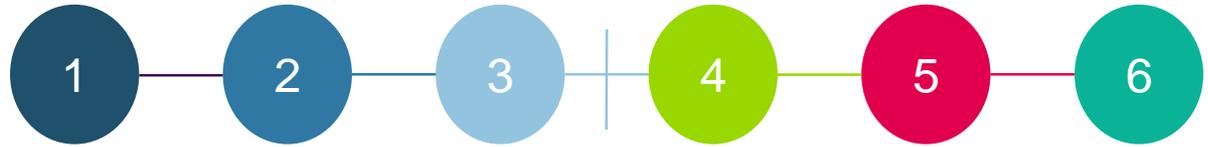
COMPANY A

COMPANY B



**3**

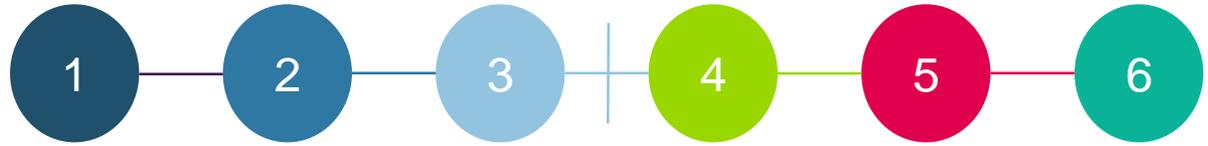
Human



**4**

**3**

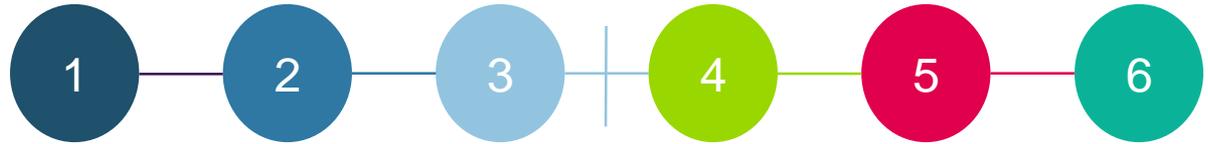
Customer



**4**

**2**

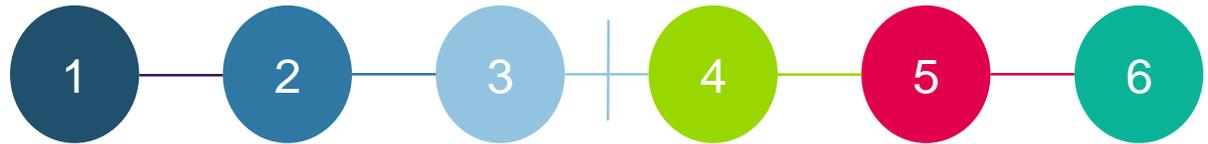
Structural



**4**

**3**

Social



**5**

# Change of Mindset

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From	To
Future	Present
Business	Personal, Financial and Business
Income	Value
Individuals	Team
Project	Process
Plans	Actions
Tangible Assets	Intangible Assets
Tax Number	Real Number
Owner	Stakeholders
VERSUS	AND

# What Can You Do?

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- > Build a system that positions the business for a successful transition in good times or bad
- > Identify what you already have
- > Identify gaps and initiate steps to mitigate risk
- > Build value (not just Revenue/Profit) - Focus on value produces other positive outcomes
- > Position the business so that you can unlock the wealth on your terms when time is right

# Value Acceleration & Exit Planning

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## Value Acceleration & Exit Planning is just good business strategy

Integrates the three legs (business, financial & personal goals) into one Master Plan

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Focusing on value makes the timing of the exit irrelevant – always “ready”

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Connects daily activities to value growth

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Acts as a driver of organisational behavior

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Mitigates risk

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Gets employees and management thinking more like owners – what are the financial impacts of their performance?

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Ensures owner and family wealth are at the center of the plan

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Can be used as an inter-generational and employee development, transition and measurement tool

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# Exit Planning & Value Acceleration

## THE FUTURE IS NOW

**“I believe luck is preparation meeting opportunity. If you hadn’t been prepared when the opportunity came along, you wouldn’t have been so lucky”**

-- Oprah Winfrey



# Thank You

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**We're by your side**