

THREE SIMPLE STEPS TO MORE VALUABLE BUSINESS IN 2024



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With 2024 just underway, there's no time like the present to develop strategies to make your business more valuable than ever. When discussing valuation, we refer to intrinsic valuation — the present value of your business's future cash flows. Today, we'll discuss three keys to maximizing the intrinsic value of your business: growth rates, cash flows, and the cost of capital.

Growth Rates — Higher growth rates over time will lead to higher intrinsic valuations. A simple approach reveals three outcomes that accelerate growth. Get more customers, get current customers to buy more frequently, and increase the average sales price of your products or services. Market pricing analysis, product portfolio analysis, customer segmentation, and an analysis of marketing initiatives are great ways to uncover actionable insights and begin developing strategies to increase growth.

Cash Flow — Our focus here is operating cash flows. There are several strategies to improve financing and investing cash flows, but they are more difficult to implement. Improving operating cash flows comes down to three options: improve revenue growth (see above), increase gross margins, and eliminate or

optimize operating expenses. Reviewing supplier agreements, sales compensation plans, utilization rates, and benchmarking expenses as a percentage of revenue against market averages are great starting points for identifying ways to improve operating cash flows.

Cost of Capital — This tells us how expensive it is to finance your business. In general, the higher cost of capital results in a lower intrinsic valuation. The goal is to find the ideal mix of debt and equity financing that allows your business to pursue successful growth initiatives without being overleveraged. Depending on your background, cost of capital can be the most daunting of these three initiatives we've discussed to address.

Improving your business' valuation is simple in concept — increase revenue growth, increase operating cash flows, or optimize your cost of capital. But simple doesn't mean easy. If you're struggling to develop strategies to achieve these objectives and want to partner with professionals who've done it before, call us today at 845.760.0925 or visit us online at www.piscaniconsultingservices.com/get-started to schedule your complimentary discovery session.

Best of luck to you all in 2024!



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