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SMALL BUSINESS

3 Tips for Professionals Who Offer Business Valuation Services

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Cross selling valuation services can be complex, and business owners don't always know why they need one. Good news...sometimes you as valuation professional within your CPA firm do not need to sell an additional service at all. Educating business owners on what matters can go a long way- Showing your client how they can improve their business in both the short and long term can help the client realize that a valuation of their business is exactly what they need.

The day-to-day management of a business is filled with decisions. Business owners often feel buried under all the decisions that must be made. Therefore, when selling a valuation, try to avoid creating a decision that must be made by the business owner; such as: Do I pay for a valuation or do I pay for more inventory?

As soon as the valuation service competes with the necessities of running the business, you, as the valuation expert, will be less likely to be successful.

Instead, avoid this common pitfall with the approaches below:

1) The valuation comes first. Business owners might not be the best strategic planners. For example, small to medium sized businesses can be often be more focused on paying the bills than planning for the future. And if they are planning for the future, they may not be interested in growth or believe in the possibility of it. If the business is stable, such as a retailer in a suburban market with a finite addressable market and low competition, then the owner may be satisfied with current profits. There may be no incentives for growth. Even as more retailers move to online store fronts, a local business with unique products can maintain a strong hold on the market.

In situations like this, the owner must realize that whether she or he is planning for the future or letting it happen as it may, the future *will* come. Benjamin Franklin is famously attributed to have said, “nothing in this world can be said to be certain, except for death and taxes.” Let’s add one more: *the eventual sale, succession or dissolving of business.*

You can safely assure the business owner that this will become true for their business. Additionally, you can assure them that the first step for successfully navigating this stage of business ownership is to perform a valuation, often a decade or so in advance of the owner’s final act. This valuation can provide the insights necessary for a successful exit; it can also inform decisions that are made in the present day that will affect the long term value of the company. Without these insights, it becomes harder to maintain and improve success as the business owner heads toward his exit.

2) Explain your services, again. Do your clients know what you can do for them? When was the last time you updated your website? Your marketing materials? Have you communicated these updates several times and in client meetings to ensure that clients are well educated on your firm’s value?

Let's start with the obvious: Everyone is busy.

When a quarterback passes the football, it is the responsibility of the quarterback to make sure it arrives in the right place at the right time. The wide receiver simply needs to be there and catch it. But if the quarterback throws the ball too short or too long, it's the quarterback who missed the opportunity. Getting your firm's services in front of prospective and current clients is the first step, but be certain that the first step is indeed completed!

Sometimes selling services is a two part challenge. 1) Your clients must know that you provide them. Awareness is key to success! 2) Your clients must know *why* you provide them.

“70 percent of buyers of accounting services were not aware of all the services their firm offered, and 80 percent said they wished their firm offered services that were in fact already available from that firm” – CPA Trendlines

3) Present the facts, then let the owner decide. Once you have communicated your services clearly and confirmed that the value of each service has been understood, sometimes the next step is to wait.

Businesses owners don't always have a pressing need for a valuation and even if there is the available budget and a need, there might not be enough hours in the week for the owner to take on a business valuation or other new services that your firm offers. As time passes, it's important to **stay top of mind with your clients and potential clients** through marketing and networking. This will ensure that all the time you spent educating the owner will likely not go to waste.

You can also leverage printed marketing collateral to encourage clients to request your services.

To help educate owners on business valuation, Sageworks created a **checklist for your firm to share with prospective and current clients**.

Colin Tierney is marketing manager at **Sageworks**, which provides financial analysis, industry data, and risk management solutions.

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