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To [grow your business valuation services](#), consider helping your clients learn how to treat their business like an investment. Doing so can generate repeat valuation engagements while boosting your role as a trusted advisor.

Only 5 percent of business owners generally need a business valuation due to death, divorce or some other triggering event or situation, but all business owners can

benefit from understanding and growing the value of their business, according to

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Ownership Center found that 78 percent of majority shareholders were at least 50 years old, and 76 percent planned a transition within the next 10 years.

More than half of these owners were first-generation owners and 47 percent expected to transition to an internal buyer – either a family member, employees, management or other partners/shareholders. The other 53 percent expected transitioning to an external buyer.

McDaniel said that unfortunately, many business owners spend more time working with an investment advisor trying to grow their 401(k) retirement account than they do working on growing their business, even though 50 percent to 80 percent of an owner's net worth is in the business. His firm has developed a "Know and Grow" valuation service that taps into this need for guidance.

For business owners to treat their business like an investment, they should do the following, according to McDaniel:

1. Have a goal. "Some people come to me and they want to sell [their business] as soon as possible, and there's not much we can do as far as growing the value" at that point, McDaniel said. "We can certainly lead them to the right spot as far as the best way to sell it." Other business owners, fortunately, understand the need to improve the health of their business. "They want to sell in five or 10 years, and those are great clients to have," McDaniel said. He helps them target a healthier business.
2. Know the value. McDaniel says business owners should know the current valuation and understand it. "I sit down and teach them about the whole [valuation] process so they really do understand the valuation drivers and risk and how that impacts value," he said. He also shows the owner what percentage of

their total net worth is related to the business so that they have a solid

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4. Realize the value. McDaniel helps the business owner plan for the exit, whether that turns out to be through a sale, an employee stock ownership plan (ESOP) or succession transfer. Sometimes, the process of boosting the value of the business makes running it more enjoyable, and the owner realizes he or she isn't yet ready to retire.

McDaniel said that these kind of "should have" valuations – where business owners agree they should know and boost the value of their businesses – become an annuity-like service in his practice, which is helpful considering that the "need to have" types of valuations don't often repeat year in and year out. They have also led to other consulting engagements related to other areas of the firm, such as IT risk management, internal controls, tax consulting and operations improvement.

"I would really suggest adding this to your practice," he said. "There's plenty of work for all of us coming down the pike. [Business owners are not getting any younger](#), and they're getting older. They're having a hard time making decisions."

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