




From SCALABLE *to* **SALABLE**

BY ELISA HAYS, CSP

▶▶▶ *Six Steps to Building a Business to Sell*

The difference between building a successful speaking business and building a *salable* speaking business is a lot like the difference between hiking and mountain climbing. All mountain climbers can hike, but not all hikers can climb mountains. Now to be clear, mountains come in vastly different heights and levels of difficulty. Not all mountains are Everest, just as not all business sales will be a multimillion-dollar cash cow. But if you plan properly and proceed with care, you can build a speaking business of almost any size with high enough value to sell after you've already pulled out substantial profits along the path.

To bag that peak of entrepreneurial accomplishment, follow these six steps to go from scalable to salable.



No 1
DECIDE
TO CLIMB
THE
MOUNTAIN

Begin by defining your intention with a strong WHY. Get seriously clear about your purpose, because it will make a big difference in when you sell, to whom, and for how much.

Is it lifestyle planning? Maybe you want the freedom to get off the road. You may want to develop a model designed to provide residuals or royalties off of products such as training programs.

“My plan was to build a scalable business from the beginning because I never wanted the business to be tied to me personally. Tied to my name and my work, yes. But never dependent on me showing up someplace. I wanted ultimate freedom,” says Dianna Booher, MA, CSP, CPAE. (See “High-Altitude Advice” on p. 31.)

Is it retirement planning? Maybe you view your business as a potential nest egg when you’re ready to retire. In that case, you’ll want to build a business with a high value that can maximize the upfront payoff. That generally means a transferable operational model with high revenue and consistent clientele.

You will need to plan with the help of your financial advisor so that you know what target to hit in company valuation to receive the income you need.

Is it succession planning? Maybe you want, or need, to move on to another venture. Scaling a business to a salable position can provide a significant capital infusion for the next phase of your career while allowing your creation to continue flourishing under someone else’s leadership.

In this case, you have considerable flexibility over the timing and payment structure. There’s a greater emphasis on the compatibility of the buyer.

When I set my intention in 2008 to build a business to sell, I wanted it for lifestyle planning with a projected timeline of 15 years. The plan accelerated dramatically when, six years into the company’s development, while on the highway for work, I was hit by a semi-truck going 65 miles per hour. I could tell the whole story, but this isn’t an article about me, just as my business wasn’t really about me.

Because I had scaled my business properly, it continued to operate while I was hospitalized for months. My team fulfilled all of our contracts with the boss completely out of the picture. When I was ready, the business was salable. All of the forethought and planning provided for a smooth transition at a time when I needed it most. I successfully sold the business less than a year after the collision and began transitioning my career.

Six years into the company’s development, while on the highway for work, I was hit by a semi-truck going 65 miles per hour. Because I had scaled my business properly, it continued to operate while I was hospitalized for months.



No 2
DO NOT
CLIMB SOLO

▲ In order to scale a business, you need a solid team. Many speaking businesses, particularly keynotes, rely on a cult of personality. Scalability means thinking differently about who and what you are marketing.

Design products and/or content that can be presented by someone else. Let go of the idea that others must be just like you in order to present your content. They really don’t. Does your photo or video even need to be in the marketing materials? For scalability, clients should focus on great products and great results, not your platform personality. To sell a speaking-related business, you have to position everything so a potential buyer would think, “Oh yeah, I could do that!”



HIGH-ALTITUDE ADVICE

BY DIANNA BOOHER,
MA, CSP, CPAE

■ **Work on operations, not in operations. Speakers could scale much faster if they focused primarily on content creation and delivery.** To scale a business faster, put someone in place who has the skill and judgment to build the infrastructure—recruiting, hiring, compensation—as well as the sales and marketing piece. Of course, you can give input and oversight, but that core person has to be able to plan and execute, not just do tasks by deadlines.

■ **Run your business like the IRS would audit it next week.** To prepare for a sale, understand that suitors will want to see financials for the past three years. A suitor will run “readjusted” financials, replacing your helter-skelter salary with what they’d have to pay a competent COO to run the business in your place. They want a true picture of the profit or loss of your business.

■ **Spin your story to show the company’s value to the right buyer.** One buyer will consider a basic fact a positive, while another might consider the same fact a negative. You’ll need to build your business according to the most *likely* buyer type for *your* company. When you’re ready to sell, write your confidential information memorandum (CIM) to tell your story in terms that buyer wants to hear.



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language editions. Her latest book, Communicate Like a Leader, won an Axiom Award Silver Medal in 2018. After selling her training company to Communispond + Booher, Dianna now focuses on keynotes, writing, and coaching. BooherResearch.com.

Generating a quality team of presenters (if you go that route) requires top-notch training. If that’s not you, be honest and hire a coach. To make the best use of your limited time, distance yourself from the HR process. For example, my staff found prospective presenters and performed all of the steps up to a final interview with me. Later a seasoned staff member, trained by me, would coach the new presenter until he or she was ready for a final review with me.

If you don’t want to train a team of presenters, consider writing programs, manuals, or other products that your client could present.

Invest in building a team who can run the business without you. This includes human resources, financial management, operational design, product distribution, marketing, and more. You can’t scale if you’re

trying to do it all. If you were hit by a truck tomorrow, could your business still run?

Assemble a team of professionals, beginning with a qualified business manager, then develop these key elements:

- Transparency
- Autonomy
- Standard operating procedures
- Communication systems
- Checks and balances
- Clear company culture, vision, and brand

While working on growing your scalable business, find mentors who can advise along the way. Tap into knowledgeable friends and a mastermind group. Consider adding a formalized board of advisors. Remember that you will also need a trusted team of professional business advisors, including a CPA, attorneys, and possibly a business strategist.



No. 3 TAKE CARE OF YOUR CAMP

In order to scale a business, it must run like a business. Get your financial house in order and keep it squeaky clean. Be unimpeachably honest about money with clients, vendors, employees, the IRS, and most importantly yourself.

If you think it's terrifying to have your mother rummage through your closets and junk drawer, try having attorneys and accountants who aren't on your side digging through your bookkeeping. If your books aren't clean, you can end up losing a valuable business sales opportunity or leaving a lot of money on the table.

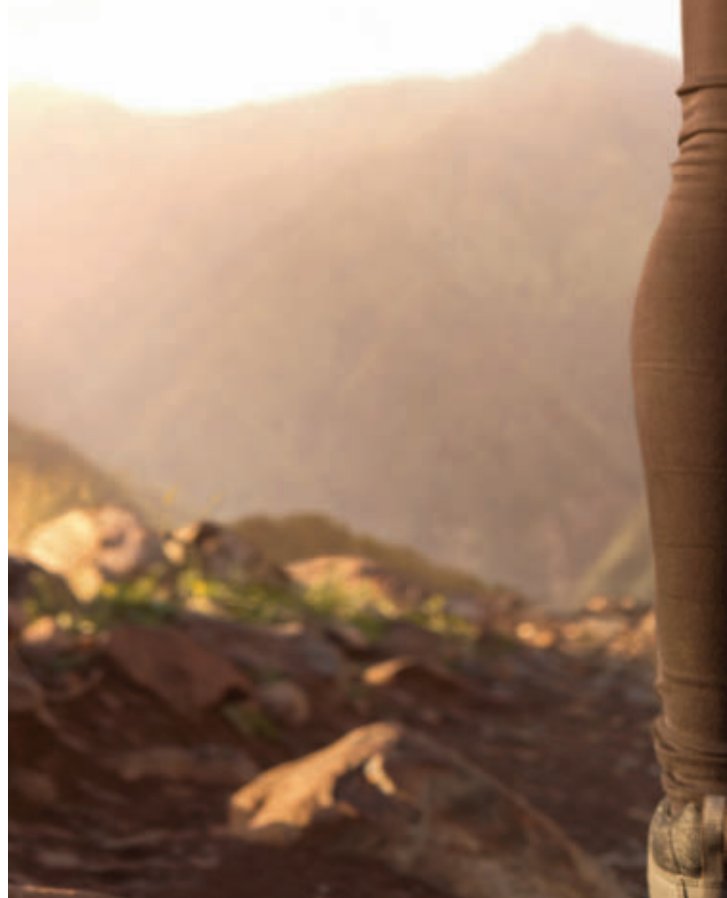
Don't mix business and personal finances. Ever. If you need to put money from your personal savings into your business, make sure that it is accounted for properly as a loan or capital contribution. If you take money out of your business for personal reasons, account for it properly as compensation, a draw, or distribution in accordance with your entity classification.

Watch expenses, not just income. It's so much fun to look at the revenue side, but buyers only care about profitability. Maximize your company's growth by spending what you need to, and maximize your profits by not spending what you don't need to.

Pay yourself a fair-market-value salary. If you don't do it now, it will be adjusted for later in the negotiation phase of a business sale. Take the salary now so that it's accounted for in your expenses. If times are lean and you can't afford your salary, loan it back to the company for capital infusion—but always account for it.

Building a scalable business takes a lot of capital. Risk tolerance will likely come into play. Be willing to invest in yourself. In fact, money for your business may very well come from your savings. Consider whether you are likely to gain more through traditional investments, such as in the stock market or through investing in your business. This is called calculating net present value (NPV).

If you don't know how to calculate whether or not you can expect to be more profitable if you invest money into business growth versus investing in traditional financial planning, then you need to talk with a certified financial planner (CFP). In the meantime, for a good explanation of NPV, check out a useful article in *Harvard Business Review* by visiting hbr.org and searching "net present value refresher."



No. 4 BE A TRAILBLAZER

Unless you plan on selling to a fertilizer company, nobody buys crap. Build quality.

If you crank out derivative work just to have "something," then you will quickly gain a reputation for nothing of note. That means investing a lot of time or money—and very possibly both—to create work of value. A salable business provides quality products and/or services that are scalable and *unique*. Remember, a high-quality copy is still just a copy.

The easiest way to create high-value work is through deep involvement in a niche industry. Become intimately familiar with a specific problem within the niche, design an innovative solution, then test and iterate until you become recognized as an expert with a highly prized solution.

At the time of this writing, I am in negotiations for selling a second company based on such an innovation. The company I'm selling has no clients or revenue, but I have a deeply developed proof of concept, trademarks, copyrights, and patents-pending in the U.S. and Canada. The innovation provides a unique and high-quality solution that can be sold based purely on potential.

If you create genuinely unique products or processes, you need to guard your intellectual property (IP) through legal protections. See an attorney who specializes in the type of IP you intend to sell. If it is of potentially high enough value, you'll want to receive a signed nondisclosure agreement (NDA) before showing your work to anyone who might attempt to copy it.



ADDITIONAL RESOURCES

- How lack of transition planning affects the time it takes to sell: forbes.com, search “why business owners can’t sell”
- Mistakes to avoid in a business sale, from timing and pricing to picking the wrong buyer: thebalance.com, search “mistakes to avoid when selling business”
- What information to include in a CIM to a prospective buyer: divestopedia.com/dictionary, search “CIM”

No 5

5

MEET OTHER MOUNTAINEERS

There are three ways to find a buyer for your business. You pitch to a stranger, either directly or through a broker. A stranger or broker finds you. Or you know someone. The third option is the easiest, but it means you need to know the kind of people who can buy your business.

The ideal buyer will be someone in your niche or professional space who meets these criteria:

- They have money.
- They do work you respect.
- They understand what you do.
- They are in a growth phase of business.

Someone who meets all of these criteria is the most likely to have a buyer mindset. That being said, don't ever assume that because someone isn't “big and important” that they are of no value! Build genuine relationships with everyone, because, of course, you never know where opportunity may strike. One thing is certain: If you aren't circulating in spaces where potential buyers may hang out, you will never meet them. Show up.

If working with a broker is more aligned with your goals, visit thebalance.com and search “business broker.”

No 6

6

PREPARE FOR THE SUMMIT

Aiming to sell when your business is peaking in profitability will result in the highest valuation. This can be tough to discern, but pay attention to your business trends and client demand.

Selling a business comes down to three phases:

Narrative. Be prepared to tell the story of your business in words and pictures.

Numbers. The most common company valuation method is a profit multiplier model. Consider this pricing to sell—how long will it take for the buyer to make their money back? For a detailed discussion of valuation methods, visit exitadviser.com and search “business valuation methods.”

Negotiation. Remember “The Gambler” by Kenny Rogers? You've got to know when to hold 'em and know when to fold 'em. ■



ELISA HAYS, CSP, former CEO of an international edutainment company and amateur mountaineer, now works with organizations to create whole-hearted leadership using “half-assed” principles. Semi Tragic, a memoir about her unique journey as an entrepreneur and survivor of extraordinary impact, is due out this year. ElisaHays.com