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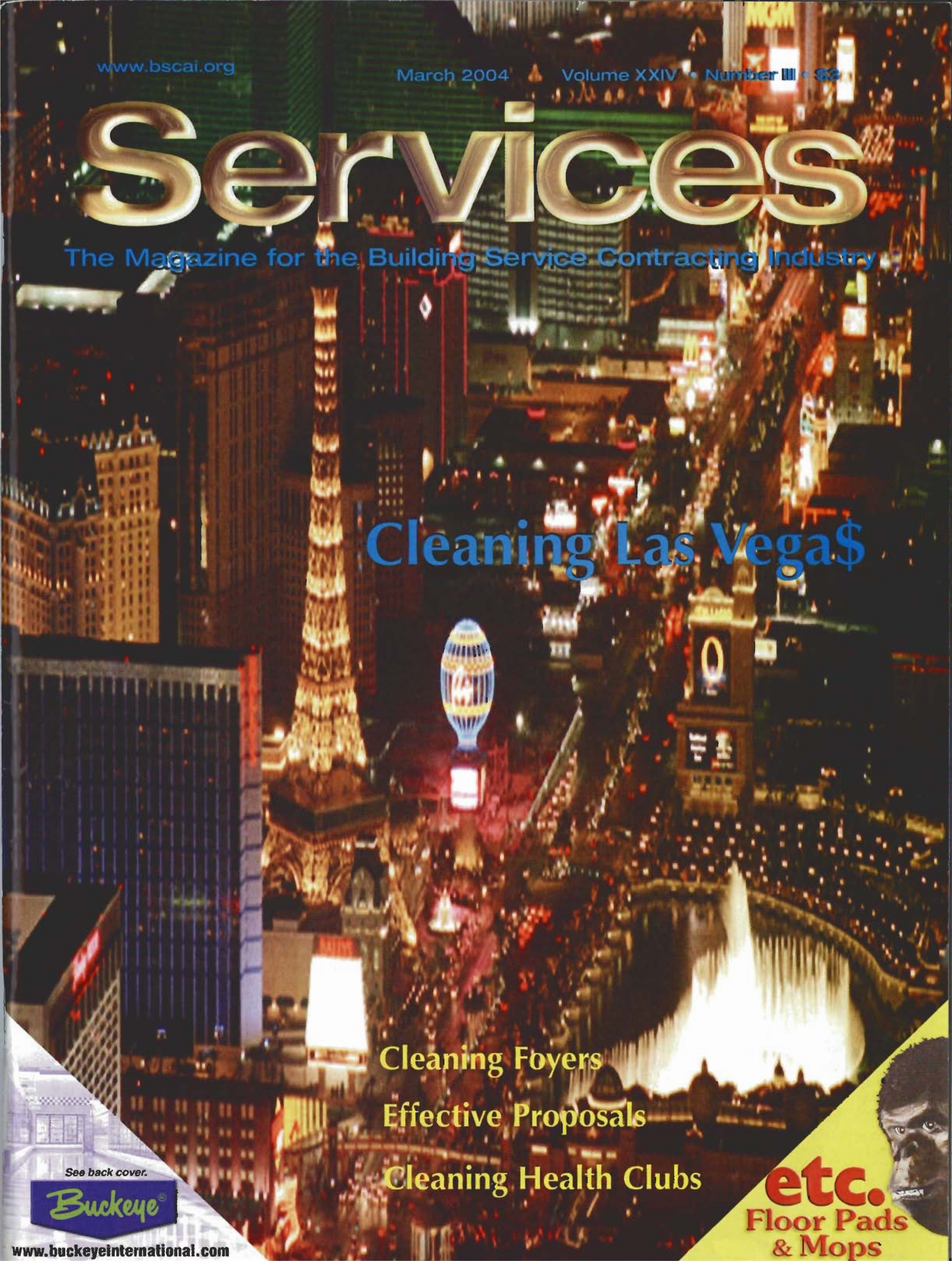
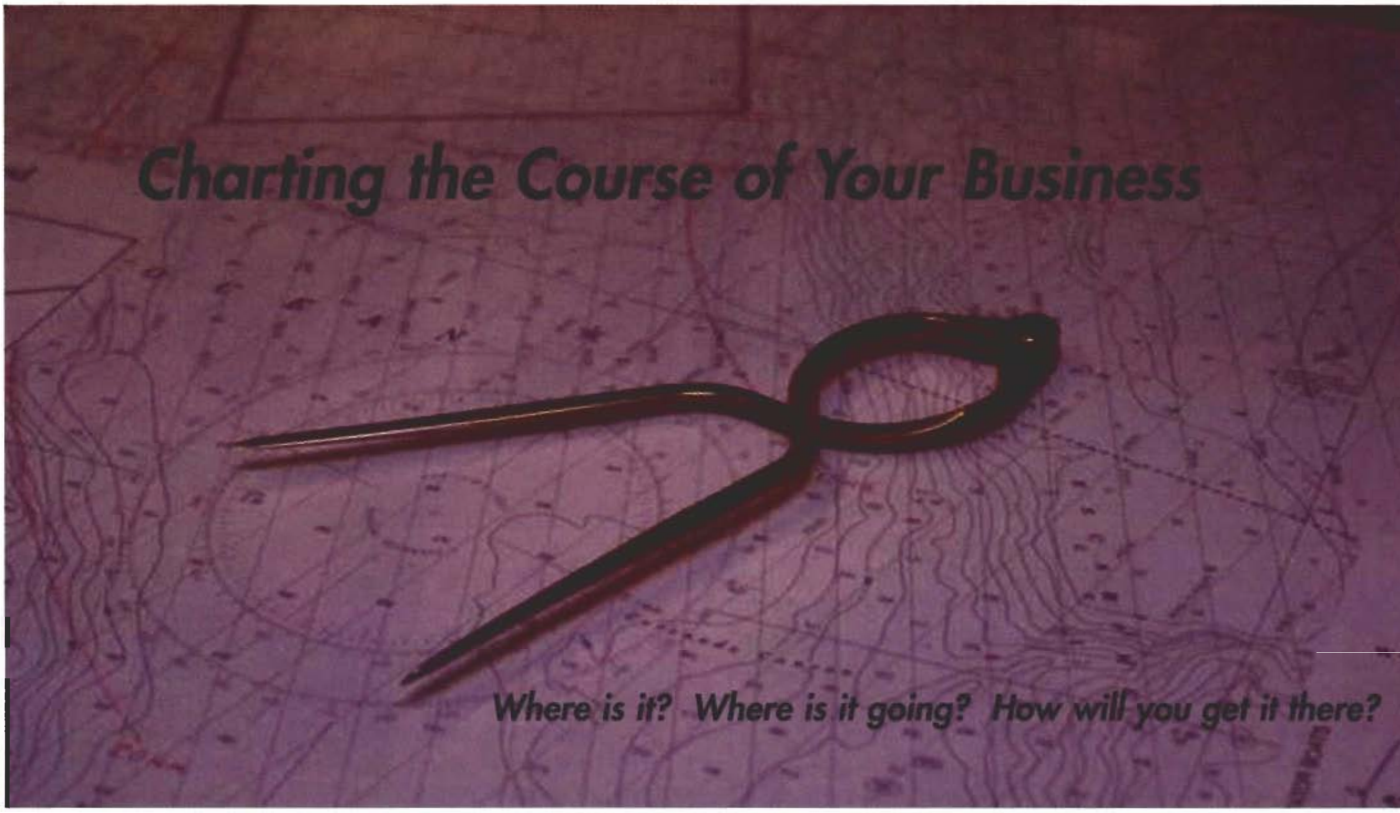


Cleaning Las Vega$

Cleaning Foyers

Effective Proposals

Cleaning Health Clubs



Why are you in business? Why do you wake up every morning and make that same trek to the office? Why do you spend so much of your time away from the business thinking about the business? As much as we might all suggest that we do so to serve some greater good, let's not be afraid to admit that we're really in this thing in large part to create some personal wealth. Now presuming you're a socially conscious individual, this motive for doing business is consistent with making our environment a better place to be a part of. However, I think it's a safe bet to suggest that nearly all of us are looking to build or enhance our wealth in one form or another. Going one step further, while *wealth* isn't necessarily defined in only financial terms, as far as our business interests go, most of us see our financial wealth as a prime vehicle to securing other types of wealth. Accordingly, most business owners view their business interests as one of, if not *the* major means to bettering their personal wealth. In other words, creating and building value in our own business is for most the single greatest means to generating financial wealth, which by its nature can be instrumental in improving our personal wealth. Financial wealth, among other things, provides us and our families with security, opportunity and the capacity to give and help others.

If this line of reasoning is valid, then how are most business owners in today's world going about creating and building value? Well, they get up in the morning, go to work, drill down their "to do" list, manage people, do what they *think* they should to grow the business, and *hope* that by these efforts they're building value. In most cases what happens, though, is the owner does all this, the business often times does improve, does grow, the owner takes out a relatively nice salary, yet truly *building value* is left to chance. This approach might have made more sense in the 1960's and 70's, before the merger & acquisition hysteria became so prevalent in the 80's and beyond. But with the level of strategic opportunity available in today's global business environment, it makes no sense, and really isn't much different than just throwing away money. As technology has continued to improve and expand, the world has effectively become one large market, with business opportunities abounding in all markets across all industries. One can hardly read the morning newspaper or watch the evening news without hearing of some merger, acquisition, sale or joint venture between two companies. This activity is just as rampant among small and mid-size companies as well. Yet with all this said, most companies today have no proactive plan for taking advantage of this climate and maximizing the value of their business.

The fundamental ingredient to building sustainable business value lies first in planning, often referred to as strategic planning. Mind you, a business plan is *not* a strategic plan. While

BY LANCE R. TULLIUS

a good business plan will contain some of what goes into a strategic plan, the business plan is more a description of what the business is and why it is viable, whereas a strategic plan takes into account where the business is today, and most importantly charts the most viable course for building long term value, and then capturing that value in some particular exiting event. In fact, a good strategic plan can contain more than one scenario for building value, but at its core, it's about how one will take a business as it stands today and execute one or more particular strategies such that the business becomes a vehicle for creating substantial long term wealth.

So what should go into a useful strategic plan? The creator of the strategic plan should first have a sound understanding of the position the particular business is in today, as well as its strengths and weaknesses. An overall "inventory" of the business should be taken, paying specific attention to areas such as management/personnel (the primary means to any successful value building effort), the financial capitalization of the business, its competitive position and the direction of the broader markets that likely impact the business. A market valuation of the company should also be done as part of this process to determine the current value of the company. This is important as it will essentially serve as a barometer for making any one strategic move or even perhaps heading in a particular strategic direction from the outset. Really no move should be made unless it can be reasonably demonstrated that the move will accrete company value. Because decisions will be made not only based on whether value is added, but also on what the company's value is at any given time, this initial market valuation will serve as a base valuation.

Understanding where the business is and what its strengths and weaknesses are might be fairly simple, but where to take it from there involves a special combination of skill and expertise. Theoretically, there are an infinite number of directions in which a company can move. In reality however, the resources to support these types of efforts are finite— particularly time and money resources. The expertise therefore lies in identifying, evaluating and then selecting a strategy which can be reasonably executed by a company, and which also offers the most optimum cost-benefit relationship. Frankly, the ability to reach value objectives successfully will absolutely depend on this expertise. So if it isn't amongst the existing management/personnel base, it needs to be found!

In the identification and evaluation process, it's important to assess what the market recognizes as value in a particular industry. For instance, relative to building service businesses, value is greatly recognized as a function of such characteristics as the predictability of a company's revenues, its type and mix of customers, and its customer retention rate, among other aspects. While no business can change what it did yesterday, tough decisions will often be faced as to whether the business should do things a lot or a little differently in the future, or exactly the same as it has in the past. Many of these decisions will create internal conflict within the company's management and ownership. Take, for example, the types of customers a specific building service contractor targets. As a rule of thumb, the market regards those companies which service customers that demonstrate longevity and relatively high profitability, as being most valuable. Thus the easy answer would be to build a business by focusing on these types of customers, if hasn't already been done. However, many building service companies have made a living by targeting a specific niche of properties that historically have higher turnover rates and aren't among the most profitable to service. They've created their own model for servicing these types of customers. Should they now abandon that model? Probably not. But either way, they should gain an understanding of just how the outside market views their business. Ultimately, to have value, there must be a market which is external from the business, and that collective market may not view the broader business in the same manner. Those who recognize and can successfully sift through these elements to the strategic planning and execution process will be most successful.

The identification and evaluation process can be quite complex, attempting to determine, for instance, whether the resources are available for a company to grow, if desired growth should come from acquisitions versus organic growth, or perhaps whether a company should expand beyond its existing market or service categories. Pulling the trigger on the best and most viable strategy can be just as difficult. Executing the chosen strategy though, is a whole different ballgame. Some of us plan well, others are great taskmasters, and finally, some simply know how to execute a plan. Execution is not rocket science, but it certainly takes a special breed to do it right and effectively. There will *always* be a demand for those who do it well. The best plan in the world will mean nothing without proper execution. People execute; and certain people just have a knack and uncanny ability to execute effectively. It can't be given adequate justice as a definition in the dictionary, nor can it be explained within black and white boundaries. It's skill, instinct and experience all the way. However you do it, you must surround yourself with people that can execute and make them a part of your team.

In the end, the rewards you reap from the time and money you invest in your business boil down to planning and execution. Whether you plan on exiting within the next year, five years, or even longer, it's *never* too early to craft a dedicated plan towards amassing value. The things you're doing *right now* relative to your business are impacting its value. The question is, how are they impacting your value? Look in the mirror; finding the answers starts with that person looking back at you!

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