

Building Business Value

**How to Command a Premium Price
for Your Midsized Company**

Martin O'Neill

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PREFACE

If you're like most leaders of a midsized company, you probably feel like you have one of the best jobs in the world. I've been in your shoes and have experienced many of the same hopes and fears you have. Most of the time, you would not trade your role with anyone. But there are times, probably more than you let on, when you hold what seem like contradictory positions that are virtually incompatible. For example, business may be going great, but you are always worried about the overall economy or maybe just your specific market segment. Or you now find your company is past the start-up phase, but you are still obsessed about the little issues that leaders of bigger companies should not be worrying about. You handpicked your leadership team, but you are still not sure you have the right team to take you to the next level. You feel like you are on the right track, but you don't have a scorecard to tell you where you really stand. You've had some success, but you are not 100 percent sure if you can repeat it. You know companies in your market

are doing well, but you've convinced yourself there are valid reasons your growth is not where you want it to be.

It was this dichotomy that led me down the path of creating the value-building process I explain in Building Business Value. These contradictions made me wonder whether the leaders of my competition were struggling with the same issues and whether all mid-sized leaders struggled with these same issues. I also began to consider how large, publicly traded companies managed their way through these apparent contradictions.

While I was the CEO of CTX Corporation I really began to find the value of running our mid-sized company like a publicly traded firm. Not that I had to fret over Sarbanes-Oxley compliance, but I found that if I could run the company based on the collection and analysis of sound metrics and I could really find out what factors increased its value, then I could build initiatives that focused on those value drivers and let all the minutiae (that normally keep us all awake) fade away.

One more step the business leaders had to take to make this value-building process stick was that everyone who could influence the value driver had to buy into what we were doing. Sitting in an ivory tower and pulling strings (or analyzing financial statements) would not work. Each leader had to understand each value driver, the impact it had on the company, and specifically what needed to be done to move the value driver in the right direction.

This was the genesis of the value-building process. It is a leadership-driven, collaborative process that forces the executives of mid-sized companies to examine what is really important to their businesses. It makes you, as a leader of a mid-market company take an honest assessment of your company, paint a picture of where you want it to be, analyze the gaps, and then build transformational initiatives based on your company's current state, the value drivers in your market, and finally, a frank evaluation of your team's ability to execute.

You may be one of those business leaders who is a bit hesitant to go through such a process because you are not interested in selling your company or you are nervous about using the word “value” in front of your employees. As a C-level executive, your main priority and commitment to your company is to build value. If you are planning to go public in the future, you should be building value. If you plan to leave your company to your children or your employees, you should be building value. If you plan to run the company as a lifestyle company, you should be building value. If you are planning to sell today, tomorrow, next year, or five years from now, you should be building value.

Building Business Value is a book about process. My sincere desire is that any leadership team of a mid-sized company can quickly put to use the methods and tools found in these pages to create an actionable plan for building business value. I’ve structured the book according to the logical sequence of events for any planning session. There is a natural flow to successful business transformations, and the chapters follow that flow. Throughout the book I share success stories and anecdotes from previous work experiences as real-life examples.

I wish you the very best as you take your company on a value-building journey.

Martin F. O’Neill