

# Turning Business Valuation into a Powerful Revenue Engine

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For most advisors, AUM growth tops the list of year-over-year goals.

But AUM alone doesn't tell the full story. Increasing AUM by simply adding more and more clients is only scalable up to a point. Especially with the market volatility and economic uncertainty we've experienced over the past year, adding more clients could significantly drain resources as client expectations, needs and concerns increase.

The secret to adding AUM without sacrificing service, profitability and operational efficiency is to move up market. Serving sophisticated clients with more assets drives AUM growth without disrupting a firm's ability to scale effectively.

One way to move up market? Work with business owners.

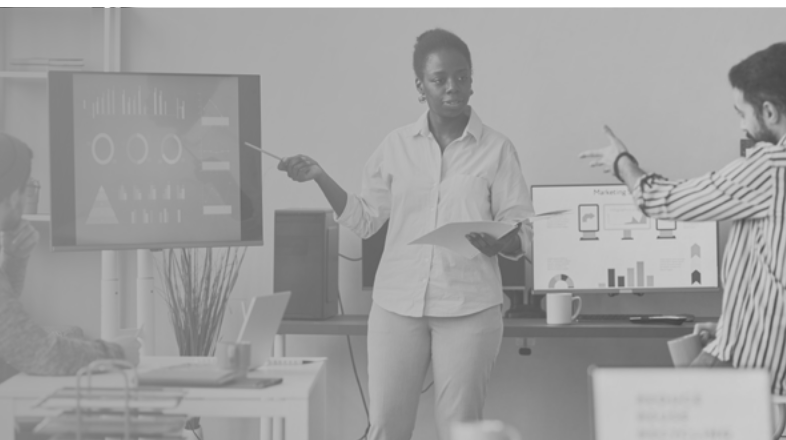
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## The Business Owner Opportunity

Over the next 10 years, \$13.2 Trillion in business owner assets is set to transfer.<sup>1</sup> For financial advisors, this money in motion represents massive opportunities to capture significant assets, provide ongoing, valuable advice, and extend their services beyond a single generation – as well as achieve AUM goals.

It's equally as important for advisors to recognize the potential benefits of providing financial guidance to business owners right now, whether they're in the process of transferring assets or not.

Keep in mind that business owners face financial challenges that most individuals don't, from the lack of built-in retirement savings to making critical, difficult decisions about growth, personnel, capital structure, and more – plus dealing with external issues that impact their businesses and, therefore livelihoods like inflation, supply chain disruption and rising interest rates.



Finally, running a day-to-day operation simply doesn't leave much time for a strategic focus on financials – either for the business or personally.

If you've never served business owners before, or you're apprehensive about focusing more intentionally on the business owner market, remember that every single client you already serve brings with them specific circumstances you have never seen before. And for business owners, delivering value begins with helping them understand what their largest asset is worth.

## The Business Owner Opportunity by the Numbers

7.7M businesses in the U.S. alone will change hands in the next 10 years

\$1.2M - Average new business owner or shareholder in AUM

\$82,500 - Potential revenue from each new business owner client

## Harnessing the Power of Business Valuation

As a financial advisor, you're routinely tasked with providing guidance and advice for clients in the areas of investments, taxes, and retirement planning; tasks that become increasingly more complex when business ownership is added to the mix.

For many business owners, their business is their most valuable asset, making it critical to fully understand the business's value to appropriately plan for scenarios including the sale of the business, retirement, gift and estate purposes, succession and exit planning, insurance coverage, and more.

And yet, in spite of the need to understand business value, a recent M&T Bank survey indicates that 98% of business owners don't know the value of their businesses. That alone represents a significant opportunity for financial advisors to make a positive impact for business owner clients.

When Securian Financial Group surveyed small business owners about what they look for when selecting a financial advisor, "knowing my needs" was at the top of the list. Financial advisors who can help clients understand their business's value and what levers to pull to improve it are in a great position to provide the sound financial guidance business owners are looking for.

## Leveraging Business Valuation Software for Scale, Efficiency and Growth

Understanding business valuation is key for both business owners and the advisors serving them. After all, business owners can't make sound decisions about their businesses, their employees or their own futures without first knowing what their business is worth.

But historically, business valuations have been expensive, time-consuming, manual and intrusive. Business owners could pay up to \$8K for a single valuation that took an average of three weeks to deliver – not to mention the time and resources necessary to manually pull financial statements for valuation specialists.

Valuation software has changed the game for business valuation, making it accessible, affordable and efficient for business owners and turning it into a tremendous growth tool for financial advisors.

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With on-demand business valuation software like BizEquity's, financial advisors can:

**Offer a highly relevant service to support business owner clients.** We've already discussed the importance of business valuation for business owners. As an advisor, offering valuation as a service creates a distinct competitive advantage that could set your firm apart from other practices interested in winning business owner clients.

**Create a shared experience with clients.** Instead of delivering a static business valuation report, on-demand valuation software enables you and your clients to walk through the process of the valuation together, so you can show clients in real time how pulling different levers affects their business's value. For example, you can show clients how the valuation changes depending on how much revenue is reliant on a small subset of customers, or on how involved the founder is with the business.

**Identify areas for improvement within the business.** Not only do regular business valuations keep business owners on top of business trends, but they also offer key insights into performance metrics driving the business's value. Along with four estimates of value, BizEquity's valuation reports also include 12 key performance indicators, or KPIs, compared against the business's own historical performance, the competitive landscape, and industry averages. (For more on the seven most impactful KPIs for improving business value, [click here](#)).

**Open the door to more meaningful conversations.** When you talk candidly with business owners about their business's value, its potential risks and opportunities and future projections, you're inviting them to share with you their long-term vision and goals. For some business owners, knowing what their business is worth will give them the peace of mind they need to retire; for others, it might jumpstart discussions about opening a new location or transferring partial ownership to their children.

**Strengthen advisor-client relationships.** As we mentioned earlier, business owners are looking for advisors who, above all else, know their needs. With the ability to show business owners the value of their largest asset on demand, as well as help them take steps to reach the goals they have for their business, advisors can solidify their positive impact on their clients' financial futures. Offering business valuation can help you build stronger relationships with business owners over the course of their career, making it more likely they'll turn to you for help with retirement, succession and exit planning – which also offers the potential for you to provide services to the next owner(s).

Ready to leverage the power of business valuation software to achieve your AUM growth goals? BizEquity's innovative, on-demand valuation platform streamlines the traditional business valuation process into a seven-step workflow that takes less than an hour to complete. Advisors and their business owner clients can walk through the process and the beautifully designed, customizable report generated by BizEquity's software together, creating an engaging experience that also informs a business owner's most important decision-making.

[Click here](#) to learn more.