The Value of a Business: Get to the Heart of the Matter

What is the value of your business? There are many ways to approach that question -- based on complex formulas or just a good hard look at the balance sheet, but no answer based purely on numbers is going to be exactly right. Even factoring in that most popular of abstracts -- goodwill -- the true essence of an operation is not likely to be revealed.

To find the real value of a business, we must go to its very heart: the attitude, work habits, managerial style, customer/marketplace savvy, and community reputation of the person in charge. The business owner or manager is the final, and most cogent, indicator of business worth. Check out the following healthy signs, and then listen to the heartbeat of your own business and its leadership style:

Optimistic Attitude

Many business owners today are more pragmatic and take pride in being less of an "incurable optimist." The owner of yesterday wasn't afraid to follow the words of Willy Loman in Death of a Salesman: "A salesman has got to dream, boy. It comes with the territory." A decline in optimism is an unfortunate trend. In a world driven by technology and scientific analysis, it's easy to forget the importance of the right attitude. If business owners aren't positive, how can they expect customers and employers to be? The owner who believes business is bad will probably not see it getting any better. Of course, there are always the real-life factors -- banks that won't lend, customers who stop buying, services that become obsolete. However, if these problems didn't exist, there would be something else to keep the negative thinkers occupied.

How to project a positive attitude? Begin with the easiest. Sprucing up the place of business with fresh paint, newly-cleaned carpeting, well-stocked shelves, for example, will say a lot for the health of a company. Less visible, but highly important, is a positive outlook on the future of the business. Business owners should be prepared to spend what it takes to generate new business, and should take the time to explore new possibilities for long-range success. If the company currently has no mission statement or business plan, creating one will speak volumes about owner's enthusiasm for the future of the operation.

Healthy Managerial Style

In the modern workplace, where you can hardly see the business through the forest of "managers," it's good to get back to basics. Too often, owners get bogged down in busy work, or in "managing the managers." They should occasionally take time off to work the floor, drive the delivery truck, sell the product. Owners who put themselves in the trenches are in touch with the business -- and this first-hand understanding will be evident to anyone taking stock of the company's worth.

An equally healthy approach to managing is preparing for contingencies. The owner's style should include appropriate delegation of duties and a backup managerial plan in case of unforeseen calamity.

And finally, owners should project a general sense of well-being and energy. This may be easier said than done, but it's important to note. Anyone taking stock of a business will draw a quick, and key, first impression from the very posture and tone of voice the owner presents.

Customer relations say a lot about the "heart" of a business. The business owner's approach to handling customers sets the standard for everyone down the ladder. A healthy business avoids treating the customer like a number -- or maybe worse, like a stranger. For example, successful big-time operations who deal with customers by telephone make it a point to ask for the proper pronunciation of a name, or request permission to use the customer's first name. Added to basic courtesies is the sense that salespeople are happy to take the time necessary to answer questions and/or deal with problems.

Whether products and services are sold by phone or on the floor, employees should be well-versed experts on whatever they're selling. Again, large outfits have established high standards to emulate; for instance, the outdoor
equipment chain with salespeople who can not only fit hiking boots to a T (or a toe), but also know how to clean, weatherproof and care for the leather, vibram, or nylon of which the boots are made. Every hour spent training salespeople in the product pays huge dividends for the company's long-term success.

Conspicuous Image

To foster the image of an on-going, healthy business concern, business owners need to keep their image prominent before the public. Advertising can build image at the same time it attracts business. Anything from a display ad within the yellow pages listings, to a monthly "home-baked" newsletter, to the offering of free seminars, can portray the business as more than just the sum of its products. An example of image-making at its best comes from the owner of a natural foods store in a metrowest Boston town. She not only produces her own monthly newsletter (with product information and coupons, plus general health articles), but she also sponsors evening lectures on subjects such as acupuncture, aromatherapy, women's health, and children's nutrition. What's more, she offers free tours of her in-house cookie "factory" to local schools. The samples the kids take home are the best cost-per-inch ad value imaginable!

For the less adventurous, there are plenty of conservative ways to make ads pay. Every Saturday for years, the sports section of a Los Angeles newspaper carried a one-inch ad for the "Best Hamburger in Town." No catchy phrases, no dazzling graphics, but the ad was there -- and there -- and there again. The consistency sold the restaurant's product and its image and eventually, the eatery became a 10 plus chain.

Community Involvement

To further promote the business -- and its owner -- as a rock-solid and permanent part of the local scene, there are opportunities just waiting to be tapped. Taking an active role in the Chamber of Commerce, trade or service associations, or sponsoring worthy local events all lead to great public relations. In addition to the more traditional public donations -- providing kids' sports team uniforms, taking out ads in yearbooks -- the business can band together to join walkathons, or volunteer to man the phones for public TV or radio fundraisers. Doing "good" makes the business owner and the employees feel good about themselves.

"Feeling good" is a good point at which to conclude our journey to the heart of a business. Dollars and cents will always be important in establishing value, but it's a kind of people-sense that will give the truest reading.