



## What a study of 14,000 businesses reveals about how you should not be spending your time

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In an analysis of more than 14,000 businesses, a new study finds the most valuable companies take a contrarian approach to the owner of the business being the main sales person.

Who does the selling in your business? It is often the case that when you're personally involved in doing the selling, your business is a whole lot more profitable than the months when you leave the selling to others.

That makes sense because you're likely the most passionate advocate for your business. You have the most industry knowledge and the widest network of security industry connections.

If your goal is to maximise your company's profit at all costs, you may have come to the conclusion that you should spend most of your time out of the office selling and leave the work of operating your businesses to your staff.

However, if your goal is to build a valuable company—one you can sell down the road—you can't be your company's number one salesperson. In fact, the less you know your customers personally, the more valuable your business.

### **The proof: A study of 14,000 businesses**

We use the [Value Builder System™](#) to help companies in the Security Industry to grow and we've just finished analysing the worldwide pool of Value Builder System users.

Over 14,000 business owners using the Value Builder System, a statistically proven methodology for increasing the value of a business, were asked if they had received an offer to buy their business in the last 12 months, and if so, what multiple of their pre-tax profit the offer represented.

We then compared the offer made to the following question:

Which of the following best describes your personal relationship with your company's customers?

- I know each of my customers by first name and they expect that I personally get involved when they buy from my company.
- I know most of my customers by first name and they usually want to deal with me rather than one of my employees.
- I know some of my customers by first name and a few of them prefer to deal with me rather than one of my employees.
- I don't know my customers personally and rarely get involved in serving an individual customer.



### **2.93 vs. 4.49 Times**

The average offer received among all of the businesses we analysed was 3.7 times pre-tax profit. However, when we isolated just those businesses where the owner does not know his/her customers personally and rarely gets involved in serving to an individual customer, the offer multiple went up to **4.49**.

This proves that companies where the founder knows each of his/her customers by first name get discounted, earning offers of just 2.93 times pre-tax profit.

In summary the less you get involved with your companies direct selling the more valuable your business is.

### **When value is the enemy of profit**

Who you get to do the selling in your company is just one of many examples where the actions you take to build a valuable company are different than what you do to maximise your profit. If all you wanted was a big bottom line, you likely wouldn't invest in upgrading your website or spend much time thinking about the soft business of company culture. Although this chase for profits locks you into working within the business not on it.

By freeing up your time and focusing on delegating sales and operational activities you can earn that profit whilst having a greater impact on the value of your company in the long run.

To learn more about the Value Builder System and how Harper Morgan can help you grow your security business [contact us here](#).