

# Understanding & Increasing the Value of your Dealership?

By Jim Kahrs, President



## Today's Agenda

- Importance of an exit strategy?
- The most important consideration.
- How is value determined?
- What is your dealership worth today?
- How can you build additional value?



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## Introduction – Jim Kahrs

28 years of office systems experience

- Sales, operational & executive management experience
- Dealership, manufacturer & consulting levels

### Started Prosperity Plus in 2001

- Real-world tools for improving profit, cash flow & growth.
- Marketing & promotion programs
  - Focus on creating professional presentations
- Mergers, Acquisitions, Succession Planning
  - Involved in over 125 sales/purchases/valuations
- Consulting programs based on industry experience combined with the very successful Hubbard Management System™

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## Why do you need an exit strategy?

why?

- Continuation of the business
- How will employees be cared for?
- How will customers be cared for?
- Keep the legacy you've built alive
- Fund retirement or next phase of life

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## The Most Important Consideration...

What is **YOUR** next game?



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## So What's Your Dealership Worth?

- In most cases it is your single largest asset.
- The dealership returns you a salary & profits annually.
- It often provides other perks & benefits
  - Expenses paid through business
  - Tax benefits
  - Family employment
  - Flexibility and free time
  - Sense of purpose



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## Common Misconceptions?

- The biggest consideration in a sale is the price paid.
- My business has little value if I'm not making a large profit.
- Selling a business is like selling a house.
- All buyers pay about the same price.
- My dealership is worth more today than it will be in the future.

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## How is Value Determined?



- Adjusted net profit over last few years
- Recurring revenues
- Customer/Lease/Installed base
- Employees
- Markets covered
- Vendors supported
- Future business potential

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## How is Value Determined?



- Valuation Formulas
  - Multiples of EBITDA
  - Multiples of revenue
  - Multiples of machines in field
  - Multiples of recurring revenue
  - Various other models
- The final determination
  - The business is worth what someone is willing to pay you for it.

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## How Do You Build Value?

- Be profitable!
- Build strong/profitable recurring revenues.
- Improve the structure and systems.
- Build a strong sales team.
- Have a full understanding of what makes the dealership tick.
- Consider a change to your corporate entity.
- Have professional help through the process.

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# Questions?



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# Thank You BTA!!

631-382-7762

[www.prosperityplus.com](http://www.prosperityplus.com)

[jkahrs@prosperityplus.com](mailto:jkahrs@prosperityplus.com)

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