

SESSION 2 · 9:50 — 10:50 AM



*Archimedes Enterprise Solutions*

# Maximizing the Value of a *Family-Owned Business*

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*CE Credit Approved*

# Today's Agenda

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<b>I</b>	Opening — Why This Matters	5 min
<b>II</b>	Understanding Value — It's Not Just a Number	7 min
<b>III</b>	The Four Pillars of Value Maximization	20 min
<b>IV</b>	Succession & Transition — Knowing Your Options	10 min
<b>V</b>	Your Action Plan — What to Do Next	5 min
<b>VI</b>	Closing & Q&A	3 min



## Opening — Why This Matters

70%

of global GDP generated  
by family businesses

< 30%

successfully transition  
to the 2nd generation

*Most owners pour a lifetime into building their business — but spend almost no time maximizing its value.*

THE CENTRAL QUESTION

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*If your business went to market tomorrow  
or to your children next year —  
**would it be ready?***

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*This session is for every owner — regardless of timeline.*

# What Buyers, Successors & Investors Actually Ask

## REVENUE

Is revenue recurring and diversified — or concentrated in a few clients?

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## OWNER

Can this business run without the current owner?

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## FINANCIALS

Are the financials clean, auditable, and trustworthy?

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## TEAM

Is there a management team that can execute independently?

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## MOAT

What makes this business hard to replicate?

# The Value Gap

*The difference between what owners think their business is worth — and what the market will pay.*

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1

## **Customer Concentration**

One or two clients represent 40–60% of revenue

2

## **Key-Person Dependency**

Owner is the business — all relationships flow through them

3

## **Weak Financials**

Books not normalized or unable to withstand scrutiny

4

## **No Governance**

Decisions by feel; family dynamics baked into the org chart

# The Four Pillars of Value Maximization

I

## Governance

*Structure protects value*

II

## Financial Performance

*Clean books = best marketing*

III

## Operations & People

*Build a business, not a job*

IV

## Strategic Positioning

*Know your moat — and widen  
it*

# Governance

*"Structure protects value."*

## **Advisory Board**

Outside perspectives create accountability and surface blind spots

## **Family Charter**

Separate family roles from business roles; resolve disputes before they erupt

## **Buy-Sell Agreement**

Answer: what happens if someone dies, divorces, or wants out?

## **Employment Policies**

Clear, consistent rules for family members protect morale and culture

# Financial Performance

*"Clean books and strong margins are your best marketing."*

**1**

## **Normalize Financials**

Remove personal expenses, one-time items, and related-party transactions. Make your books trustworthy to outsiders.

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**2**

## **Reduce Customer Concentration**

No single customer should exceed 15–20% of revenue. Concentration is a visible risk factor every buyer discounts.

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**3**

## **Manage Working Capital**

Cash flow tells a story income statements miss. Know your cash conversion cycle and where capital is tied up.

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**4**

## **Get a Quality of Earnings**

A QoE done proactively signals confidence and dramatically speeds up any due diligence process.

# Operations & People

*"If the business can't run without you, it's not a business — it's a job."*

## THE TEST

*Could your business operate at 80% efficiency if you took 6 months completely off?*

### Document Your Processes

SOPs are transferable value — not bureaucracy. Everything from onboarding to billing must exist outside people's heads.

### Build a Leadership Team

Hire well, delegate genuinely, tolerate different approaches. The discomfort is the price of a business that outlasts you.

### Incentivize Key Leaders

Profit sharing, phantom equity, or stay bonuses keep critical non-family talent in place through any transition.

# Strategic Positioning

*"Know your moat — and widen it."*

## TYPES OF COMPETITIVE MOATS

Brand & Reputation

Customer Relationships

Intellectual Property

Location / Distribution

Proprietary Processes

## KEY STRATEGIC QUESTIONS

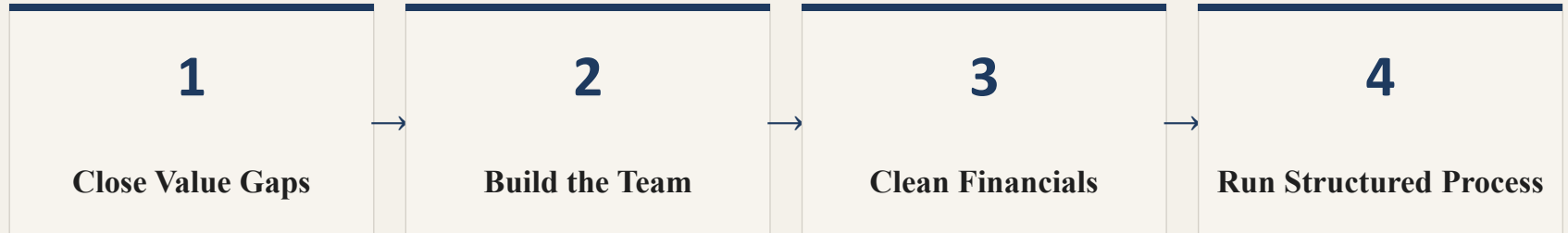
- *What makes you genuinely hard to replicate?*
- *Is your revenue diversified by product, geography, and channel?*
- *Are you investing in your brand as a balance-sheet asset?*
- *Is your moat growing — or eroding?*

# Succession & Transition — *Knowing Your Options*

*Transition is not an event — it's a process. Most owners wait too long to start.*

*Deals done reactively almost always leave significant money on the table.*

## THE 3-5 YEAR RUNWAY



# Your Value Maximization Roadmap

## NEXT 90 DAYS

- Honest self-assessment of all Four Pillars
- Identify your top 3 value gaps
- Audit your advisor team (attorney, CPA, financial, M&A)

## YEARS 1 – 3

- Implement governance structures
- Normalize financials; reduce owner dependency
- Define your transition path — and plan around it

## YEARS 3 – 5

- Execute transition with a structured process
- Estate & tax planning around the liquidity event
- Define your personal legacy beyond the balance sheet

# The Seven Transition Paths

OPTION	BEST FOR	KEY CONSIDERATION
<b>Next Generation</b>	Legacy-focused families	Next gen must be competent, not just connected
<b>Management Buyout</b>	Strong leadership team	Financing the deal is often the key challenge
<b>ESOP</b>	Culture preservation + tax	Complex setup; works best at scale (\$5M+ EBITDA)
<b>Strategic Sale</b>	Maximum financial value	Expect loss of control and culture risk
<b>Private Equity</b>	Partial liquidity + growth	Expect operational scrutiny and a future exit
<b>Recapitalization</b>	Reduce concentration, stay	Take chips off the table without fully exiting
<b>IPO</b>	Large, scalable businesses	High cost and compliance burden — rare path

# The Question Every Owner Must Answer

*"The question isn't whether your business has value — it does.*

*The question is whether that value is accessible, transferable, and maximized."*

- ✓ Value is built intentionally. Start now, regardless of your timeline.
- ✓ Governance & people matter as much as profits. Fix structure before optimizing returns.
- ✓ Choose your transition path. Don't let circumstances choose it for you.

# Your Call to Action

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**1**

## **Schedule a Business Value Assessment**

An honest conversation with your advisors about where your business stands — and what it takes to get it ready.

**2**

## **Have the Conversation with Your Family**

The families that talk openly about succession and legacy are the ones that preserve both their business and their relationships.

**3**

## **Build as if You'll Sell in Five Years**

Even if you never sell. A business built to be transferred is simply a better business — for you, your family, and everyone who depends on it.



C L O S I N G

# Thank You.

*Questions? Let's continue  
the conversation.*

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