



## OPERATIONAL VALUE REPORT

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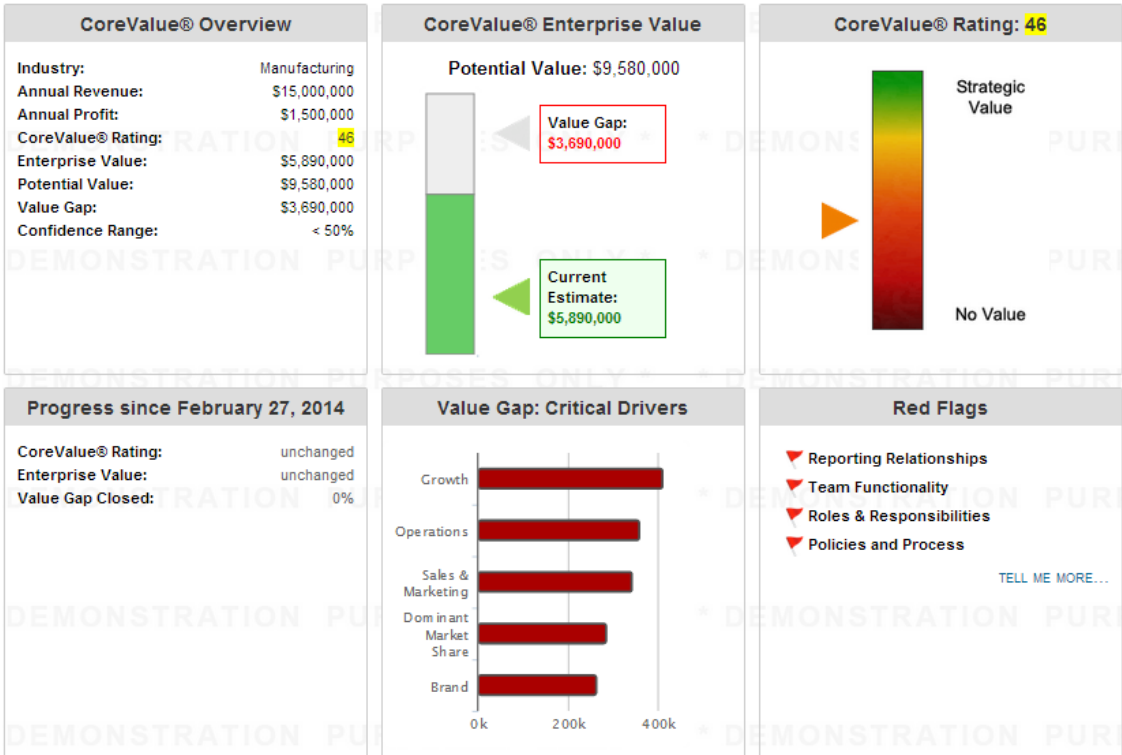
OPERATIONAL VALUE REPORT (Sample)  
ABC Widget Company  
March 1, 2014

Presented by Kevin Ballantyne of Prosperous Business Consulting

*All Drivers scored 5.0 or below will show Detailed Report – See Customer Diversification and Human Resources for example. Red Flags are also included when applicable.*

Executive Summary

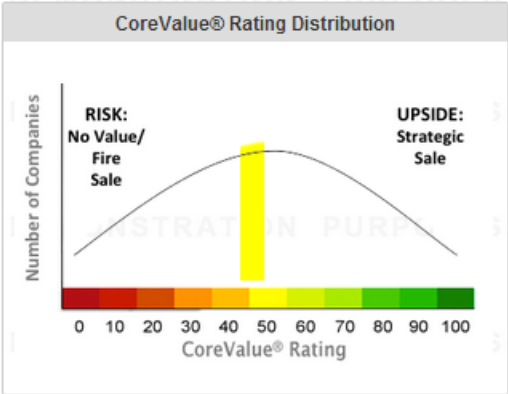
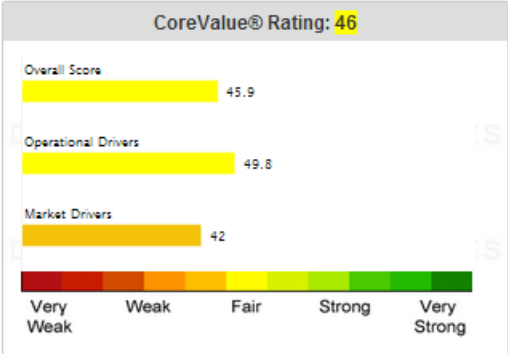
Overview Report












Overall Findings

**CoreValue® Rating Report**

The CoreValue® Rating is a measure of how dependably a business can operate and generate future revenue and profit at or above its current rate. The Rating is scored from 0-100 and is divided into Market Drivers (external in nature) and Operational Drivers (internal in nature). Companies with a Rating below 20 are at risk of having little or no value, and companies above 90 have significant upside potential in a sale or transfer.



## Market Drivers 42

	<b>Growth</b> Your company has a history of consistent growth greater than its competitors, coupled with projected, future revenue growth above the market's rate.	2.4
	<b>Large Potential Market</b> The market supports significant growth of the business.	4.3
	<b>Dominant Market Share</b> Your company owns the highest percentage of the available market relative to its competitors.	2.1
	<b>Recurring Revenue</b> Your company can rely on a portion of future revenue from contractually committed customers.	6.4
	<b>Barriers to Entry</b> There are significant obstacles facing a new entrant into your company's market.	5.9
	<b>Product Differentiation</b> Your company has a product/service with unique characteristics that provide a competitive advantage.	6.8
	<b>Brand</b> Your company has a recognizable brand that reinforces the business' presence in the marketplace and supports the company's objectives.	2.7
	<b>Margin Advantage</b> Your company enjoys gross and net margins greater than the industry norm.	4.0
	<b>Customer Diversification</b> Your company has a well-diversified customer base.	2.0

### Growth

Goal: Your company has a history of consistent growth greater than its competitors, coupled with projected, future revenue growth above the market's rate.

ABC Widget Company score: 2.4

Our strategic interpretation and recommendation for Growth:

### Large Market Potential

Goal: The market supports significant growth of the business.

ABC Widget Company score: 4.3

Our strategic interpretation and recommendation on Large Potential Market:

### Dominant Market Share

Goal: Your company owns the highest percentage of the available market relative to its competitors.

ABC Widget Company score: 2.1

Our strategic interpretation and recommendation on Dominant Market Share:

### **Recurrent Revenue**

Goal: Your company can rely on a portion of future revenue from contractually committed customers.

ABC Widget Company score: 6.4

Our strategic interpretation and recommendation on Recurrent Revenue:

### **Barriers to Entry**

Goal: There are significant obstacles facing a new entrant into your company's market.\

ABC Widget Company score: 5.9

Our strategic interpretation and recommendation on Barriers to Entry:

### **Product Differentiation**

Goal: Your company has a product/service with unique characteristics that provide a competitive advantage.

ABC Widget Company score: 6.8

Our strategic interpretation and recommendation on Product Differentiation:

### **Brand**

Goal: Your company has a recognizable brand that reinforces the business' presence in the marketplace and supports the company's objectives.

ABC Widget Company score: 2.7

Our strategic interpretation and recommendation on Brand:

### **Margin Advantage**

Goal: Your company enjoys gross and net margins greater than the industry norm.

ABC Widget Company score: 4.0

Our strategic interpretation and recommendation on Margin Advantage:

**Customers Diversification**


Goal: Your company has a well-diversified customer base.

ABC Widget Company score: 5.0


**Value Driver: Customer Diversification Report**

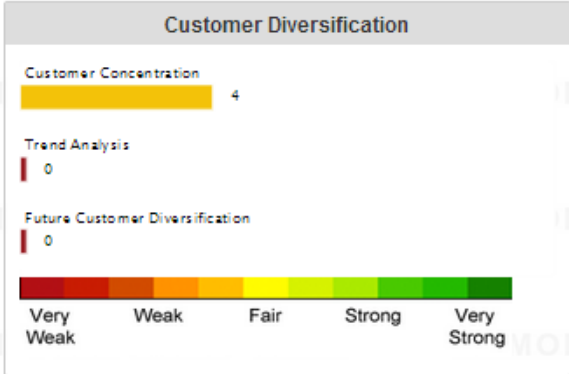
 **Customer Diversification 2.0** \* DEMONSTRATION PURPOSES ONLY \* \* DEMONSTRATION PURPOSES ONLY \*

Goal: Your company has a well-diversified customer base.

**Customer Concentration** \* DEMONSTRATION PURPOSES ONLY \* \* DEMONSTRATION PURPOSES ONLY \*   
You have complete customer records and analysis that shows a well diversified customer base where no one customer represents more than 20% of the company's revenue.










**Trend Analysis** \* DEMONSTRATION PURPOSES ONLY \* \* DEMONSTRATION PURPOSES ONLY \*   
You can show historical data and trends to prove continuing diversification.

**Future Customer Diversification** \* DEMONSTRATION PURPOSES ONLY \* \* DEMONSTRATION PURPOSES ONLY \*   
You have documented and can defend future projections, by customer or product/ service line, of continued or growing diversification.



Our strategic interpretation and recommendation on Customer Diversification:

## Operational Drivers **50**

	<b>Company Overview</b> An outsider can easily obtain a holistic understanding of your company including your company's performance, practices, culture, discipline, and mission.	5.3
	<b>Financial</b> All of your company's financial matters are in order and you follow best practices.	6.6
	<b>Sales &amp; Marketing</b> Your company can produce revenue in a proven and systematic way, ensuring the business is sustainable and not simply based on the efforts of individuals within the business today.	5.0
	<b>Operations</b> Your company has the ability to deliver on the sales promises made to the marketplace and to do it in a systematic and process-driven manner.	4.8
	<b>Customer Satisfaction</b> Your company tracks and uses key measures to meet customer expectations at all levels.	3.5
	<b>Senior Management</b> Your company has a leadership team/individual in place to realize the company's vision and mission while helping the owner achieve his/her objectives.	1.6
	<b>Human Resources</b> Your company has the ability to find, develop, and retain quality individuals that enables success in all aspects of your business.	1.8
	<b>Legal</b> You have all legal matters in order, documented, and your company follows best practices.	6.8
	<b>Innovation</b> Your company understands that innovation is invaluable to creating an ongoing competitive advantage; it has a proven and systematic way to drive and capture innovation at all levels and encourages innovation in every area of the business.	4.2

### Company Overview

Goal: An outsider can easily obtain a holistic understanding of your company including your company's performance, practices, culture, discipline, and mission.

ABC Widget Company score: 5.3

Our strategic interpretation and recommendation on Company Overview:

### Financial

Goal: All of your company's financial matters are in order and you follow best practices.

ABC Widget Company score: 6.6

Our strategic interpretation and recommendation on Financial:

### **Sales & Marketing**

Goal: Your company can produce revenue in a proven and systematic way, ensuring the business is sustainable and not simply based on the efforts of individuals within the business today.

ABC Widget Company score: 5.0

Our strategic interpretation and recommendation on Sales & Marketing:

### **Operations**

Goal: Your company has the ability to deliver on the sales promises made to the marketplace and to do it in a systematic and process-driven manner.

ABC Widget Company score: 4.8

Our strategic interpretation and recommendation on Operations:

### **Customer Satisfaction**

Goal: Your company tracks and uses key measures to meet customer expectations at all levels.

ABC Widget Company score: 3.5

Our strategic interpretation and recommendation on Customer Satisfaction:

### **Senior Management**

Goal: Your company has a leadership team/individual in place to realize the company's vision and mission while helping the owner achieve his/her objectives.

ABC Widget Company score: 1.6

Our strategic interpretation and recommendation on Senior Management:



**HR**

Goal: Your company has the ability to find, develop, and retain quality individuals that enables success in all aspects of your business.

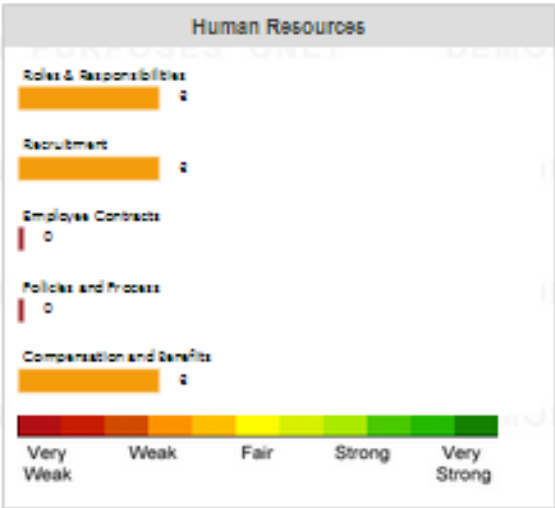
ABC Widget Company score: 1.8

**Value Driver: Human Resources Report**

**Human Resources 1.8**

Goal: Your company has the ability to find, develop, and retain quality individuals that enables success in all aspects of your business.

- Roles & Responsibilities** 3.0  
Throughout the company there are clear and understood roles and responsibilities for each employee that supports the company's goals and objectives.
- Recruitment** 3.0  
You have a standardized, efficient, and effective process to staff the company including internal job postings, appropriate testing, multiple interviews with multiple staff, and reference checks.
- Employee Contracts** 0.0  
You have written employee contracts defining the legal relationship and responsibilities between the company and its employees.
- Policies and Process** 0.0  
You have documentation and processes to ensure effective administration and employee relations.
- Compensation and Benefits** 3.0  
You understand and follow compensation best practices for your industry, and utilize a combination of fixed, variable, and non-wage forms of compensation.



**Roles & Responsibilities**  
 ▼ Ambiguous employee roles and responsibilities is a sign of deeper organizational issues.

**Policies and Process**  
 ▼ Inadequate employee records can make your business difficult or impossible to sell

Our strategic interpretation and recommendation: on Human Resources:

**Legal**

Goal: You have all legal matters in order, documented, and your company follows best practices.

ABC Widget Company score: 6.8

Our strategic interpretation and recommendation on Legal:

**Innovation**

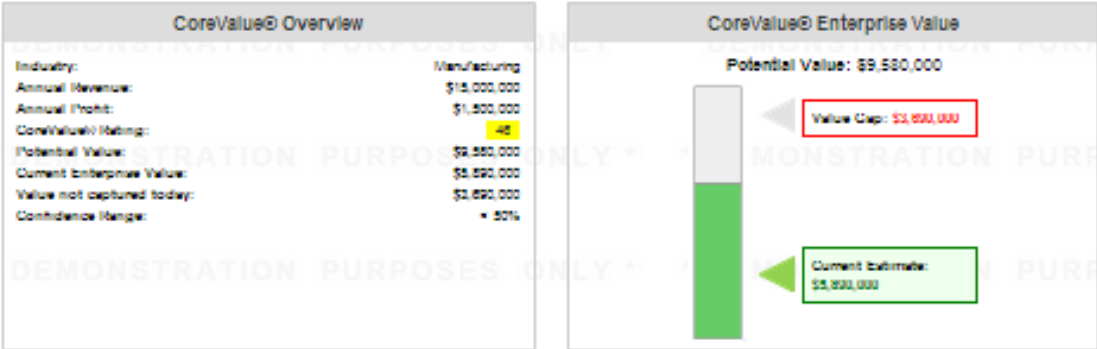
Goal: Your company understands that innovation is invaluable to creating an ongoing competitive advantage; it has a proven and systematic way to drive and capture innovation at all levels and encourages innovation in every area of the business.

ABC Widget Company score: 4.2

Our strategic interpretation and recommendation on Innovation:

**Enterprise Value Report**

CoreValue® Enterprise Value is a measurement of a company's value based on what a theoretical buyer would pay for the business after conducting a thorough due diligence. The Enterprise Value is calculated based on an algorithm which includes industry normalized trading ranges, financial performance, and the CoreValue® Rating. It does not take into account any balance sheet adjustments.

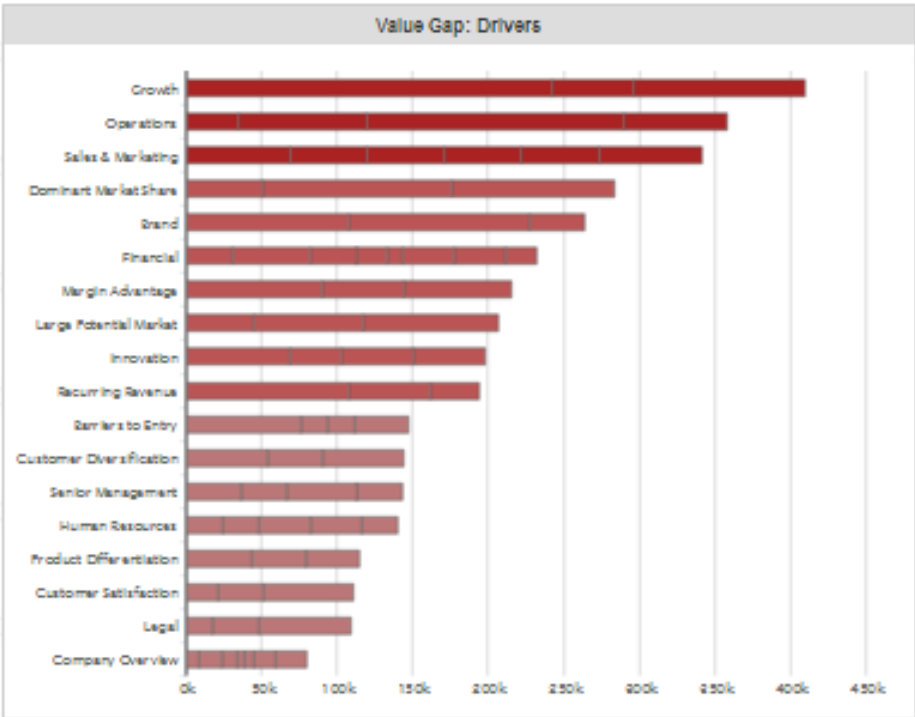


Our strategic interpretation and recommendation on Enterprise Value:

**Value Gap Analysis Report**

Your Value Gap is the difference between how much your business is worth today and how much it could be worth. The Critical Drivers are contributing most directly to your Value Gap and represent the greatest opportunity to improve the value of your company.

Total Value Gap: **\$3,880,000**



Our Comments on Value Gap:

Summary Conclusions:

Next Steps: