



A Veteran Owned Business



Business Value Builder Three: Make your Information Systems Work for You

Business Exit Planning Commentary: Issue #5

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Ask yourself these questions. Do you have systems in place that give provide:

- Meaningful business financial information in real time?
- Profitability by product line?
- Track inventory instantly?
- Track every job from sales through production to shipping and payment?
- Collect and use customer feedback?
- Diversify vendor and supplier relationships?

All too often when we first meet with business owners the answers to these questions are “No”. Many are frustrated with their systems and are not getting the information they need to properly manage their companies. Some may be unaware these systems can be available practically and affordably. We hear of past attempts to implement systems only to find out:

Wrong ones were selected, or
Promised results not achieved, or
Promised technical and training support was not there.

So how are we different? After helping you evaluate your business we can help you select the best systems for you and your company and implement them in priority order. We and our team can work with you and your employees until all systems are up, operational and working smoothly. Key to making this work is pre-testing before implementation and orientation and training for you and your employees at each step.

Can these systems be up and operational quickly and cost effectively? Yes. A banker visiting one of our clients remarked that our team had done more in a few months than what most companies take years to do. And, during this time sales increased by close to 10% while ongoing overhead experienced a double digit reduction.

¹ CLU® and ChFC® stand for **Chartered Life Underwriter** and **Chartered Financial Consultant** and are professional designations owned and issued by The American College of Financial Services. To obtain and maintain these designations individuals must: 1. complete 8 and 9 college-level courses for each designation respectively representing an average study time of 400 and 450 hours respectively, 2. Pledge to adhere to The American College of Financial Services’ Code of Ethics, 3. Have 3 years of full-time experience in Insurance and Health Care, Financial Services and Employee Benefits, and/or Government Regulatory Service, and, 4. Complete 30 hours of continuing education every two years for each designation.



If you wonder whether installing systems in these (and all) areas of your company is worth your time or effort, aside from making your daily life easier, let's look at systems from the perspective of a future buyer. If a buyer compares your company to another, which company will he or she pay more for?

- A. Your company, which is run by an owner who has creatively and effectively built the business with intuition and intelligence but will be gone shortly after the buyer takes the reins, or
- B. Your Competitor's Company which relies on systems that are written and communicated clearly, adhered to by all employees, produce consistent results, will be in place long after the owner leaves.

You know that systemizing internal operations is a critical Value builder. As an owner, creating systems that work for your company should be the heart of what you do every day. If you don't do this well, your company will not be as successful as it can be, and you will work much harder and longer than needed.

In effect some of the areas that businesses do not commonly focus on but are important include the following.

Create a System to Collect and Use Customer Feedback. How are customer complaints addressed in your company? Is there a well-thought out procedure for doing so or are they addressed on a case-by-case basis in a manner that cannot easily be described? If your company uses customer feedback effectively, it can create competitive advantage for you compared to your competitors. If not, your company may be pulled in too many directions and cause you and your entire team to lose focus. Strategic use of customers and their ideas, suggestions, requests and expectations creates strength, stability and inherent value in your business.

Create a System to Diversify Vendor and Supplier Relationships. Can you name the vendors or suppliers who are essential to your ability to provide your most important products or services? If one (or more) of your primary vendors or suppliers switches its relationship from you to a competitor, goes out of business, changes its payment requirements, changes its quality standards or stops offering the products or services that you need, would your company experience a short-term or long-term negative impact? If so, do you have a plan to handle that impact? You can stabilize your business and build business value by reducing the risk associated with unpredictable vendors and suppliers.

In the next issue of this newsletter, we take on Value Builder Four: Leveraging Human Resources.

If we can answer any questions you may have about the many ways you can systemize your company's internal operations to increase company value, please give us a call.

Summary of previous issues of this newsletter:

- How business owners can position their companies to carry on without them and, in so doing, build the business value they need to achieve the post-business exit lifestyles they desire for themselves and their families (link to commentary #1).



- What are Value Builders and their importance (link to commentary #2)
- Business fundamentals to protect ownership rights and value (link to commentary #3)
- Successful delegation and timely management reports (link to commentary #4)

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