

Building Company Worth

The Benefits of Strategic Versus Tactical Advisors

Business owners and executives often see value in having access to advisors, but the key is knowing whether your advisors are of tactical or strategic value on the journey of building long term company worth.

In a prior article, I introduced the seller of a company that unfortunately wasn't happy with the exit outcome he achieved with his business. In retrospect, he realizes that there were critical steps he could have and should have taken that would have enhanced the value, or worth, of his company and enabled him to command a premium at time of exit. This gentleman, like so many others, experienced too late that the advice he was getting through the years of building his business was more tactical than strategic and he paid the price upon exit.

Two Types of Advisors

In running various companies in my career, I saw my advisors fall in two camps. There were those that were great tactical advisors and there were those that were great strategic advisors.

Type of Advisor	Value of Advisor
Tactical Advisor	Skilled at <u>answering</u> your questions based on their specific functional area of expertise. Reactive to supporting your needs.
Strategic Advisor	Skilled at answering your questions but in addition, <u>proactively asking</u> value added strategic questions: <ul style="list-style-type: none">- Ask questions that help you frame issues and opportunities you're facing by providing you a new strategic perspective.- Leverage their functional and broader business experience in helping you build long term worth and ensure you don't make mistakes other owners have made.- Skilled at facilitating strategic dialog to help you see what's ahead and how to be prepared, especially as it relates to building worth and preparing your company to one day excite future or acquirers.

There is a place for both types of advisors. Sometimes you just have a quick question on a more tactical related matter and a tactical advisor is helpful. But how often does your advisor make you realize that the matter you're addressing is much more strategic in terms of impacting future company worth and therefore needs a deeper level of thought or how often do they proactively bring up discussions with you that will help you look out longer term? This is where the strategic advisors are worth their weight in gold. You don't want to spend years building your business only to find one day you didn't check all the right boxes that will excite a future investor or acquirer. Doing so will take years and having access to advisors that have succeeded at doing such worth building before can greatly increase the likelihood that you too will be euphoric at time of exit.

Steps You Can Take Today

Start by assessing your starting point with your advisors. Ask yourself the following questions:

Key Questions to Ask Yourself

Are my current advisors tactical or strategic in terms of guiding me in building long term business worth (driving personal net worth)?

Do my tax, finance and legal advisors have specific experience building company worth so they can guide me in terms of how my near-term decisions will impact long term worth?

Do I have a Board of Directors, Board of Advisors or even just an informal network of advisors with prior experience of building company worth and learned how to optimize at time of an exit?

When I am making key business decisions (new products, new customer types, capital investments, key employee hires, etc.), do I have advisors that can help me think to the future and how today's decision will impact my company worth?

As a CEO, I experienced first-hand the value that the right strategic advisors can deliver in helping build company worth. Avoid making the costly mistakes that many business leaders have made with their businesses and leverage the benefit of the right strategic advisors that can ultimately help you achieve a euphoric exit outcome.

Now is the time to ensure that the decisions you are making today are supporting long term worth creation. Don't reinvent the wheel, leverage strategic advisors to build your confidence that your worth building journey is well underway today.

*About the Author: Larry O'Toole has over 20 years as an experienced CEO of manufacturing and service businesses. He founded Yosemite Associates, LLC and introduced the **Bank your moment**[®] and **Yosemite Business Diagnostics** campaigns to help company owners extract the uncertainty associated with building their company worth. Larry serves on various corporate Boards and assists a diversified group of business owners on their worth creating journey. Larry can be reached at 949.874.0787 or Larry.OToole@YosemiteAssociates.com.*

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