Salute to Small Business

Four Reasons To Consider An SBA Loan

How the Small Business Administration Can Come to Your Rescue

Perhaps you're ready to transition your successful online shop into a brick-and-mortar location. Or, your company is so successful that you're ready to buy out your long-time competitor. However you choose to evolve your business, you may need financing help. And as a small business owner, you may want a bit more flexibility than traditional loans offer — such as a longer loan term, or the ability to provide a smaller down payment. The good news: You may find help through lenders that partner with the Small Business Administration (SBA). The SBA works with banks to guarantee special loans for small businesses that, for a variety of reasons, need options not offered by regular commercial loans, says Don Mercer, Senior Vice President and SBA National Sales Manager for Bank of the West.

SHOULD I CONSIDER AN SBA LOAN?

Here are four common reasons your business might consider an SBA loan:

- You have insufficient collateral to back a traditional loan
- Your loan request is larger than what banks typically loan to a single individual/business
- You need a longer loan term than banks traditionally offer (up to 25 years vs 10 years with traditional loans)
- You want to make a smaller down payment to purchase a building (the SBA may allow 10 percent down versus up to 25 percent for conventional financing).

In general, the SBA backs loans for starting, buying or expanding businesses; seasonal/short-term working capital; buying equipment, furniture and inventory; and financing buildings and land. And there are various SBA programs available, whether your business is more established or you're a startup looking for a small loan (less than $50,000). The SBA is particularly dedicated to helping companies add or stabilize jobs and supporting businesses located in economically disadvantaged areas.

HOW TO GET AN SBA LOAN

The SBA doesn’t make the loan directly to your business. Instead, the agency works in tandem with a local partner financial institution. That bank underwrites and makes the loan to you. The SBA, in turn, guarantees a certain amount of payment back to the bank if, for some reason, you’re unable to repay your debt. That government guarantee makes it less risky for the bank to offer you a loan that you might not have gotten otherwise. If you choose to pursue an SBA-guaranteed loan, you’ll fill out your loan application with your local bank. Along with a formal application, you’ll need to provide documentation such as a personal background and financial statement, business financial records, profit projections, a business plan, income tax returns and more. Your banker will let you know exactly what’s required for your loan.

Of course, not every company will qualify for an SBA loan, for reasons such as credit quality or type of business. For example, ineligible companies include firms that use a pyramid sales strategy and political/lobbying organizations.

GET FASTER FUNDING WITH AN SBA-PREFERRED LENDER

Not every bank offers or specializes in SBA-guaranteed loans. Ideally, you may want to choose one that is an SBA Preferred Lender, like Bank of the West. Preferred lenders enjoy a special status with the SBA, says Mercer. Because the bank is considered an expert on SBA loans, the agency allows the bank to process and approve loans on the SBA’s behalf. The loan application doesn’t need to be reviewed by the SBA, as it would otherwise. This streamlined process can cut several weeks off a customer’s loan-approval timeline.

HELP IS AVAILABLE

For more information on SBA loans or for help completing an SBA loan application, speak with your banker or consider the following SBA resources: regional Small Business Development Centers (https://www.sba.gov/tools/local-assistance/sbdc) or the SCORE Association (https://www.sba.gov/tools/local-assistance/score), or call Bank of the West SBA lending at (866) 306-7254.

Information for this article was provided by Bank of the West, the nation’s second largest SBA 504 lender, the 14th largest small business bank, and the fastest growing small business bank for the past four years. The bank offers a full suite of business banking solutions and is committed to providing distinctive personal service. Learn more by visiting www.bankofthewest.com

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TRAVELERS
Travelers Institute Launches Cybersecurity Education Initiative

Cybersecurity threats affect businesses and organizations of all sizes. Recognizing that education is a critical component to protecting any organization, the Travelers Institute, the public policy division of The Travelers Companies, Inc., is promoting cyber awareness through its Cyber: Prepare, Prevent, Mitigate, Restore educational initiative convening the business and non-profit communities and cyber thought leaders from the public and private sectors.

The multi-year initiative, which was launched in Los Angeles in April, is aimed at helping small and mid-sized businesses and organizations prepare for and respond to evolving cyber threats.

According to the 2015 Travelers Business Risk Index, cybersecurity was a top concern for businesses, yet only 33 percent had a cyber or data breach response plan.

Cyber: Prepare, Prevent, Mitigate, Restore provides practical tips for organization leaders, including how to create a data breach response plan:

**BE PREPARED AND PLAN AHEAD**

- Establish a response framework. An effective incident response plan contains a framework for action where key decisions are made ahead of time and do not have to be made under pressure.
- Publish incident notification procedures. This information should be published for all personnel, including employees and contractors. It can also be part of new hire orientation and routine employee awareness activities.

**WHAT TO DO IF A BREACH OCCURS**

- Validate the data breach. Be sure to examine the initial incident information and available logs to confirm that a breach of sensitive data has occurred.
- Manage the evidence. Carefully document all investigation and mitigation efforts. Any interviews with key personnel should also be documented. You should seek advice from your legal counsel on the approved methods for protecting digital evidence.
- Assemble your incident team, and begin investigating the breach. Your response team should also continue to monitor the status of the breach.
- Decide on effective outside help. Any decision to involve outside resources, including law enforcement, should be made by consulting with executive leadership and legal counsel.
- Take action to mitigate the impact. Act quickly to reduce the impact as much as possible. You should work to identify and secure all affected data, machines, devices and systems, as well as isolate and preserve the compromised data. Be sure to change encryption keys and passwords immediately to prevent further access. Your network should be cleaned of malicious code, which may take a lot of resources depending on the size of the breach.
- Notify data owners. If your customers’ information is exposed, affected individuals should be notified as soon as possible and within the timeframe of the federal, state and local laws. Your public affairs or media relations staff, in conjunction with executive leadership and legal counsel should word the notification in a straightforward and honest manner.
- Conduct “lessons learned” and tests for continuous improvement. Your company should always hold a “lessons learned” meeting after the recovery phase to refine your data security program and breach response strategy.

The Cyber: Prepare, Prevent, Mitigate, Restore series will be held in cities across the country. Visit Travelers.com for the schedule of coming cyber events.

Travelers established the Travelers Institute as a means of participating in the public policy dialogue on matters of interest to the property casualty insurance sector, as well as the financial services industry more broadly. The Travelers Institute draws upon the expertise of Travelers’ senior management and the technical expertise of its risk professionals, and other experts to provide information, analysis and recommendations to public policymakers and regulators.

Establish a response framework. An effective incident response plan contains a framework for action where key decisions are made ahead of time and do not have to be made under pressure.

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VEDC Program Helps Small Business Owners Manage Risk Through Partnership with Travelers

Risk is inherent in entrepreneurship, but many small business owners do not systematically identify and address potential hazards. By being prepared to address common problems such as an auto accident, unplanned time off due to health issues or supplier delays that impact production, small business owners can help to create a more secure future.

Jacielyn Sharpe discovered that a business plan and a solid customer base were only part of what she needed to successfully operate her vintage and reclaimed furniture business, Fort, in Los Angeles.

“I was unaware of all the risks involved with owning your own business,” said Sharpe. She found assistance in understanding day-to-day risks and discovering strategies to protect her business through the Small Business Risk Education (SBRE) program.

“This program has been a game changer. I have high hopes and big dreams,” Sharpe added.

Founded by Travelers, a leading provider of property and casualty insurance, in 2012, the SBRE program provides safety risk management education to minority- and women-owned small businesses. The program offers workshops, one-on-one assistance focused on risk management and business continuity planning, and the ability to apply for a microloan through a partnership with VEDC. What began as a pilot program with VEDC in the metropolitan Los Angeles area has grown. VEDC will now manage the SBRE program with Travelers nationally.

Travelers and VEDC share a common belief that small businesses create jobs, boost the economy and help to preserve the American Dream. However, both organizations felt that many small businesses are also inadequately prepared to handle potential roadblocks.

A critical component of the SBRE program is its partnerships with community-based organizations that provide small businesses with training and financial assistance. In Los Angeles, VEDC is the largest non-profit small business lender in California, and offers a unique expertise in helping women- and minority-owned small businesses.

VEDC has lent $400 million in direct and financial assistance. In Los Angeles, VEDC has lent $750,000 in direct and guaranteed loans to more than 104,000 small businesses and has created more than 28,000 jobs. VEDC has a nearly 40-year history of supporting small business owners, and 70 percent of its borrowers are women and minority business owners. VEDC has lent $400 million in direct and guaranteed loans to more than 104,000 small businesses.

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Michael Echols of the U.S. Department of Homeland Security’s Office of Cybersecurity and Communications delivered the keynote at the launch of Cyber: Prepare, Prevent, Mitigate, Restore in Los Angeles.
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- **Treasury Management Safety & Security Protection Plan** Consider the following to reduce fraud risk: Positive Pay and Electronic Debit Protection.

First Bank’s Business Banking Team
(from left to right): Ben Kelley, Joseph Jeong, and Steve Fiata

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How to Succeed at Creating a Happy Workforce

By MATTHEW OWENBY

In recent years, the topic of happiness in the workplace has become the center of conversation regarding employee productivity, and rightly so. A recent study from the University of Warwick found that happiness led to a 12 percent increase in employee productivity, while unhappy workers proved to be 12 percent less productive (source: University of Warwick, “New study shows we work harder when we are happy”). Many business owners have already connected the dots on this but still struggle to understand exactly what makes an employee happy and how to implement best practices to build a happy workplace. This can be a daunting task for small-business owners, who have to balance handling the day-to-day business alongside the needs of their employees – all within a fairly tight budget. It can be hard to keep up with the flashy perks large companies are able to offer, such as in-house fitness facilities or game rooms. But there is good news for small-business owners – according to the Aflac 2016 Small Business Happiness Report – they don’t have to keep up with the Joneses. It turns out small-business employees may be among the happiest people in the workplace. One major reason for their happiness is the appreciation, respect and value shown to them on a professional and personal level by many of the business owners. The survey found that 74 percent of small-business employees think working for a small company is better than working for a large company, and more than half (51 percent) agree that most of or all of their happiness in their current job is because they work for a small business (source: The Aflac 2016 Small Business Happiness Survey, fielded by Lightspeed/GMI in the United States between March 14 and March 27, 2016).

Outlined below are a few ideas that small-business owners can implement to help keep employees happy as well as create a more enjoyable workplace – and, in turn, a more productive workforce – without breaking the bank.

ADOPT A FLEXIBLE WORK SCHEDULE POLICY

Flexible work schedules are a great way to promote employee happiness if the work environment allows for alternative hours. In fact, the Aflac survey found that 30 percent of small-business employees named flexible scheduling as the best part about working for a small business. When looking at adopting a flexible work schedule policy, it is important to keep in mind that it doesn’t necessarily have to mean employees work from home every day. Depending on the needs of the business, schedule flexibility can range from allowing employees to set their own hours to giving employees one day a week to work from home. Creating a successful flexible work environment will only happen if the policy takes into account the needs of both the business and employees.

MAKE EMPLOYEES PART OF THE BIGGER PICTURE

Ensuring that employees see the fruits of their labor and the meaning behind their work can go a long way in impacting happiness in the workplace. Businesses that have been able to make their employees part of the bigger picture focus on clear and frequent communication about company news, individual and departmental direction, and the real-life impact of employees’ work.

GOING BEYOND BASICS WHEN IT COMES TO BENEFITS

Since small businesses do not always have the resources to provide annual promotions and raises, offering a robust benefits package with nontraditional options can help supplement employees’ salaries. Including voluntary insurance options such as disability, cancer and critical illness can help protect employees’ incomes and may have a direct effect on their happiness. Sixty-five percent of small-business employees indicate an improvement in their benefits offerings would make them happier employees (source: The Aflac 2016 Small Business Happiness Survey).

Voluntary policies allow employees to customize their benefits package to their individual needs and may help them stay financially stable in the event of an unexpected illness or injury. The policies pay cash benefits, unless otherwise assigned, to help cover out-of-pocket medical costs or daily living expenses. Even better, voluntary insurance can be added at no direct cost to the employer.

FINDING THE RIGHT PATH TO A HAPPY WORKPLACE

It is easy to feel overwhelmed when trying to tackle such an important issue as employee happiness. Keep in mind that small changes can have big effects and don’t hesitate to seek out resources. For example, Aflac’s newly designed Small Business Hub, available at aflac.com/smallbusiness, aggregates insight and resources small-business owners often seek to help them with their business. The bottom line: if the proper time is taken to assess what options work best for the unique needs of the business and employees, any small business can succeed at creating a happy workforce.

Matthew Owenby is senior vice president and chief human resources officer at Aflac. (216)480-5160. This article is for informational purposes only and is not intended to be a solicitation.)
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\(^1\) Rates are effective April 22, 2016 through June 30, 2016 and subject to change. Fixed rate of 3.99% in for loans greater than $15,000 and up to $100,000 for a 5-year fully amortizing term and only for new extensions of credit. Financing up to 100% + additional 20% for eligible purchase costs. Additional costs related to purchase must be clearly outlined on purchase invoice.

\(^2\) No monthly service charges for new Classic Business Checking accounts opened between April 22 through June 30, 2016 for new and existing business customers without a Bank of the West business checking account. Minimum opening deposit of $100. Offer subject to approval and can be changed without notice. All other fees and charges will apply, including overdraft charges and fees for certain transactions exceeding the-dollar and volume limits applicable to Classic Business Checking.

\(^3\) Bank of the West’s SBA lender rank and performance is based on the United States Small Business Administration’s 2015 fiscal year results ending September 30, 2015. SBA loans from Bank of the West are in participation with the US Small Business Administration. Loans are subject to approval in accordance with Bank of the West and SBA eligibility and lending guidelines. Certain fees, conditions and restrictions may apply.

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Three Common (but Avoidable) Employee Mistakes Fraudsters Love

By JOSEPH JEONG

In the past, when you thought of fraud, your first thought may have been internal fraud. This might have involved a trusted employee or longtime bookkeeper, manipulating a situation to unjustly enrich their financial well-being. The world has evolved and, although this type of fraud still occurs, fraudsters have found new, technologically driven ways in which to steal money. Most of today’s fraud occurs without the fraudster ever setting foot inside the walls of your company. Rather, the thieves will utilize email and computer systems—the same systems we rely upon and automatically assume are secure.

Some of the fraudulent activities financial institutions see today, however, can be avoided by getting back-to-basics. This can be as simple as a) knowing the people you do business with; and b) talking to the other company’s staff personally on the phone.

Here are three common examples of fraud that banks experience today and suggestions on how businesses may avoid them.

**SCENARIO 1**

A new fraud that is surfacing is referred to as the CEO fraud. This fraud occurs when a fraudster hacks the email account of a high-level executive. The hacker will email another employee who has wire authority, requesting to transfer money to pay an attached invoice. The hackers commonly create a fictitious email that’s forwarded to the employee demanding payment. The hacker (impersonating the high-level executive) then states they forgot to pay the invoice and that it needs to be paid immediately. Often, it’s accompanied with some form of urgency. For example, the hacker may state they are in a long meeting and the payment needs to be sent right away. The receiving employee will conduct the wire payment, per the instructions in the email. Once the employee has sent it, the bank or financial institution normally cannot recall the wire.

The old version of this scam was to send the email to the bank, hoping the bank would send the wire. The bank combats this type of scam by requiring that, once wire instructions are received via email, they must make a telephone call to the sending client via a pre-determined phone number confirming the transaction.

As a business owner or professional, it’s critical you establish an internal policy requiring a callback or face-to-face verification prior to wiring or sending any money.

**SCENARIO 2**

Another type of fraud occurring also uses wires and emails. It can also be eliminated using a callback process. A fraudster will hack an employee’s email, an email of one of your vendors, or create an email account so similar that an employee may not notice the subtle difference. The hacker will then wait for the supplier to send an invoice. They will intercept the invoice and make a change to the receiving bank account numbers. Often, there is a comment stating the supplier experienced fraud and had to change accounts. Other times, there will be no explanation and the fraudster simply hopes the employee doesn’t pay attention to the change. This fraud can be devastating to supplier/vendor relationships as companies dispute the party at fault. What’s more, these funds are lost.

Again, if employees work with any vendor or supplier, ensure they obtain a ‘live person’ to speak with at the company in order to confirm all payee or account changes.

**SCENARIO 3**

A third scenario involving fraud is when an employee fails to review daily account activity. A major difference between a consumer and a business account as it relates to fraud is often overlooked. Retail consumers have 60 days to review their account for fraud. Businesses have only 24 hours from the time an ACH transaction posts to their account to reject it. Once the 24-hour window has expired, the bank can try to return the transaction, but cannot guarantee the other bank will accept the return. It’s very important that, as part of a company’s daily controls, bank accounts are reviewed for accuracy. The costly mistake is made when an employee skips this important daily review.

For companies unable to review their account(s) daily, most banks offer a product called Electronic Debit Protection, a service blocking unauthorized vendors from debiting their account via ACH.

Each of the three scenarios could be avoided by having the right level of employee awareness. It’s also essential to establish proper internal controls to help mitigate risk. Whether the company is large or small, fraudsters are hoping employees aren’t informed, while making mistakes and allowing fraud to occur.

Joseph Jeong is a Senior Vice President, managing the California Business Banking Group for First Bank. Jeong can be contacted at joseph.jeong@fbo.com
As one of the nation’s largest insurers of small business, Travelers advocates for economic opportunity – one business and one community at a time. As part of its commitment to small business growth and sustainability, Travelers developed the Small Business Risk Education (SBRE) program to help women and minority small business owners learn about safety risk management, develop safety risk management plans, and qualify for microloans.

To learn more about SBRE in the Los Angeles area, please contact our local partner VEDC at 818.907.9922 or info@vedc.org.
Small Business Owners: Make Time for Mid-Year Planning

By MARLA CLEMOW

Even with half of the year in the books, many small business owners wait until December for January to assess their businesses and identify ways to improve their financial performance. Yet making time in June or July for a mid-year check-in—when you have a good idea of your business’ needs—may be one of the best times to help your business save time and money, and operate more efficiently in the long run.

As a banker, I see the benefits of doing a mid-year review first-hand. A mid-year review can help a business owner evaluate what lies ahead on the fiscal horizon and plan accordingly. The key to making the review effective is to keep it focused on the outcomes you want to attain. Here are five key areas every business owner should consider at mid-year to help make the rest of the year a success.

EVALUATE BUSINESS EXPENSES

Understanding how profitable your business has been year-to-date can help you evaluate your current position and modify your financial goals as needed. If you don’t already do it, keep your business and personal accounts separate. Business checking and credit accounts that are kept separate from personal accounts can help you maintain accurate and complete records of all business-related income and expenses. Keeping separate records will also help you as you look for ways to minimize expenses and improve cash flow. A best practice is to track your cash flow on a monthly basis, which can help you improve cash flow projections and better plan for recurring expenses and business expansions.

ASSESS YOUR BUSINESS PLAN

Every small business should have a formal, written business plan to help with business decisions and strategic planning. According to a recent Wells Fargo survey, business owners who said they had a formal plan reported much greater optimism for 2015. If you don’t have one, or if your plan hasn’t been updated in a long time, now is a great time to consider writing or updating your business plan. The process of putting your goals in writing will help you focus on long-term business objectives and the steps needed to achieve them. Among the resources available to help is a free, online Business Plan Center that Wells Fargo offers, which includes a tool to create or update a written business plan.

PREPARE FOR TRANSITIONS

While you’re developing or refreshing your business plan, it’s also a good time to look at your transition plan. As a business owner, you may not be thinking about selling your business or retiring, but it’s never too early to start planning for the future. There are many options to think about—such as whether you want to sell your business, pass it to a family member, cash out now or wind down over time—which can make transition planning seem like a daunting task. For this reason, it’s helpful to start the process of exit planning several years before you plan to make the transition. Following are four important steps to complete when preparing a transition plan:

1. Identify your business exit planning goals and objectives.
2. Determine what the company is worth.
3. Identify transition options, including sources of funding or financing for the transition, and
4. Develop an implementation strategy and timeline.

THINK TAXES

It can be easy to lose sight of the need for year-round tax planning for your business. The more proactive you can be with managing and filing your tax returns, the better. Spend time reviewing your tax entries for the first half of the year to ensure you’ve captured all expenses, especially for things like cash that are used for business and personal use. If you haven’t met with your tax professional recently, now is a good time to go over key filing dates and deadlines like quarterly tax payments, and staying organized and prepared on your business taxes.

Whether summer is your busiest time of year or your slow season, it’s a good idea to conduct a mid-year financial review. Taking time now can help you stay ahead of the curve and make the most of the remainder of the year. To help more small businesses achieve financial success, Wells Fargo introduced Wells Fargo Works for Small Business—a broad initiative to deliver resources, guidance and services for business owners.

Marla Clemow is Wells Fargo LA Metro Region President. For more information about Wells Fargo Works for Small Business, visit WellsFargoWorks.com.

UPS OFFERS TEN TIPS FOR SMALL BUSINESS SUCCESS

It’s hard to believe now, but UPS started as a small business more than a century ago. Today, as the world’s largest package delivery company, the shipping organization understand how important it is to win contracts with companies, and knows that the bottom line counts. Here are 10 tips offered up by UPS for small businesses to consider for success:

1. Get certified as a minority- or woman-owned business and get involved in local organizations.
2. Look for customers who are committed to supplier diversity.
3. Know how to sell your company by pitching what you alone can bring to the table.
4. Conduct advance planning and research about the company.
5. Understand what makes the company tick.
6. If your product or service is not a good fit for a company, know when to cut your losses and focus energy elsewhere.
7. Pick the right point-of-entry by contacting the appropriate buyer.
8. Be able to answer this question: “If I buy your product or service, how will it help my company gain a competitive advantage?”
9. Seek mentor relationships to bolster weak areas.
10. Practice the three P’s: patience, persistence, and perseverance.

“Your business called: it wants a new home where it can breathe, is safe and welcomed, where the traffic is sane and the infrastructure is new and reliable.”

Because “business as usual” never is.
SALUTE TO SMALL BUSINESS

Drawing Investors as a Small Business Owner

By MADELINE JUAREZ

The value of any asset is what someone is willing to pay for it. Usually valuation is presented as an objective analytical process to measure value. While financial analysis is important, decisions, even financial ones, are primarily emotional. Analysis and logic serve to justify emotional decisions.

Many of us experience this when purchasing a home. We must justify paying more for a home because we want a particular design, location or quality of workmanship. We may pay a higher price even though a more analytically measured, such as cost per square foot, may indicate that we are paying too much.

Likewise, when business owners are asked what they are willing to sell their company for versus the price they would pay for their company, the answers are very different. Would you like to guess which number is higher?

So what can you do as a business owner to generate excitement and maximize the valuation of your company in the private market?

PRIVATE MARKET PLAYERS

The private market is composed of three major groups: financial investors, buy-out groups and strategic investors.

A financial investor prefers to invest with the existing management team. The investor may be a private individual (an “angel”) or may be an institutional venture capital fund. These investors do not want to manage or control the company’s operations.

Buy-out groups, however, do want operating control and often will replace existing management.

A strategic buyer invests because of perceived “synergies” or overlaps between companies. A franchisee acquiring another franchisee would be an example of a strategic purchase.

VALUATION YARDSTICK

In the private market, your company’s EBITDA (earnings before interest, taxes, depreciation and amortization), is a common yardstick for establishing a value. Your company’s value will be a multiple of EBITDA.

Private market multiples are seen in the following ranges:

• Typical non-franchising company: 6-9X
• Pure Franchisee (no company stores): 3-5X
• Franchise with at least 30% of stores corporate: 3-5X
• Franchise: 2-4X

As you can see, the private investor market is not as comfortable with a pure franchise. One concern is that a pure franchise will have greater difficulty reaching the size and growth plateau required to generate an appropriate return for the investor. It is feared that a franchisee will have difficulty maintaining a steady cash flow because franchisees will use at the least proportion and stop swapping royalties. Another concern is that a pure franchise does not have an operating infrastructure to be an effective “marketer” in their system to buy and sell existing franchisee operations and maintain ongoing concern values. A mature pure franchise exhibits more characteristics of a financial management than a retail operating company. As a result, franchisees with a significant percentage of corporate stores trade at higher multiples.

If you are a franchisee, the value of your company is discounted by an investor’s perception of your ability to control your own destiny. To an extent, your future is dependent on the franchisor. Also, your growth may be limited by the territory the franchisee is willing to grant you.

BEYOND THE EBITDA VALUATION

Investors miss many good opportunities because small-business owners fail to educate them about their business in terms the investor can understand, both intellectually and emotionally. If you can overcome some investor concerns, you may obtain higher valuations.

This is done by pushing beyond the standard EBITDA-type analysis. Companies are positioned along the following:

1) Concept
2) Management
3) Unit Economics
4) Systems
5) Historical Performance

First, your concept is the value-added service you bring to your customers. Hopefully, this success formula can be articulated in 10 words or less. Like Boston Market’s: “Quality of eating at home with a convenience of eating-out” or Arrow Prescription Center’s: “cost-effective delivery of pharmaceutical services.” Investors like concepts they can understand. Make it simple and intuitive.

Second, you need to demonstrate why your management team is up to the task of fulfilling your plan. This is not the time for rambling resumes. Make the key management team come alive and drive home that they have succeeded, and will continue to succeed in replicating your success formulas and building future value.

Compelling unit economics for franchised concepts can translate into 25 percent or higher return on capital. You need to get beyond EBITDA margins at the unit level and analyze volume, cash flow and investment.

Systems are necessary because “retail is detail.” Appropriate and timely customer and cost data is one of the necessities for growing your business.

Finally, you want to show how your historical performance validates your success formula. Your approach to your business should give confidence that you can achieve your business plan.

This may sound simple until you try to do, especially before an unfamiliar audience or on the telephone. Remember, the key is to generate excitement and to push an investor’s emotional “hot button.”

Madeleine Juarez is a freelance writer and business investment consultant.

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