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June 2020 - In This Issue:

**INADEQUATE MARKETING & SALES EFFORTS**

**JUNE 2020 THINGS... By John Zoellner**

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By John Zoellner, BCA, MCMEA

**WHAT ARE WE DOING?**

At the beginning of 2020, the US economy was doing great - by most measurements. We were busy and had transactions in process. In March, the coronavirus caused many businesses to close or change the way they were doing business. In May, some of the closed businesses began to re-open. It's now June and transactions that slowed or stopped a month or two ago are now proceeding. We have new opportunities with Business Owners wanting to sell and are contacted daily by Buyers wanting to buy a business. We are optimistic about the future. The last US business slowdown was in 2008 and a few subsequent years. Many businesses saw their Revenue decline. Options to grow were to hire more Salespeople and maybe advertise more. This was a slow and expensive process. Another option was to look for strategic acquisitions. This allowed for regrowth of Revenue and added customers from the Company to be acquired. We advised a number of Sellers and Buyers during the 2008 to 2011 time period - with a lot of success.

**INADEQUATE MARKETING & SALES EFFORTS**

**Inadequate Marketing and Sales Efforts**

Inadequate sales and marketing efforts leads to inadequate seller's discretionary cash flow which results in a reduced potential sale of a business.

Based on my past business brokerage experience, the great majority of small businesses have little or no marketing/sales efforts or plans in place!

Amazingly, though, when asked how a prospective buyer might be able to grow the business, the typical owner would provide a litany of marketing-related **activities that "the new guy" could implement to substantially increase sales.**

Unfortunately, in most cases, by the time I met with the average owner, he had to sell quickly due to "outside forces" or circumstances beyond his control, and didn't have the time, desire or inclination to implement what he knew should be done.

**Work On Your Business, Not In It!**

So, why didn't owners implement a marketing program several years before I talked with them? Inertia - the tendency of a body at rest to remain at rest or a body in motion to stay in motion in a straight line unless acted on by an outside force. We are all so involved in our day-to-day activities and responsibilities that those same behaviors become our inertial "straight-line" (typically downhill). "We can't see the forest for the trees." As a small business owner, at times it's important to work on your business, not in it.

**Where To Start**

Anywhere. Doing something is better than doing nothing. Especially if your Seller's Discretionary Earnings are under \$100,000, you need to do something, otherwise you might not have a salable business. **Remember, one definition of crazy is "doing the same thing over and over and expecting a different result."**

Business values are based on history, current situation, and most important the FUTURE. A business in a down period can have a decline in Revenue and Profit, but that does not necessarily make the business decline in value. Similarly, a business that has a Revenue growth surge for a short period will not be worth substantially more unless the "surge" is almost guaranteed to continue. It's about the estimated performance of the business in the future - and how the buyer sees it. If positive, buyers will be inclined to buy; if negative they won't.

For us it's business as usual - for over three decades we've been advising our clients with the sale and purchase of businesses. We believe the next months and years will present good opportunities for Sellers and Buyers. Please let us know how you are doing and what you hope to accomplish. We are here to assist in obtaining a favorable outcome.

Oh, and please ask yourself,  
***"What Are We Doing!"***

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Quite frankly, by that definition, many small business owners I've met over the years are "crazy." But, they don't need drugs, they need to Overcome the Power of Inertia.

Again, where to start? Imagine you were talking with a prospective buyer for your business. The buyer asks, "How can I grow this business?" Your response to that question is your clue as to where to start.

Pick out the two least expensive options and implement them. By doing so, you will Overcome the Power of Inertia. You'll be surprised by the positive reinforcement and results achieved from simply implementing one improvement, and it will lead to bigger and better marketing/sales ideas.

You can increase your cash flow by acquiring more customers, selling more (and more expensive) products to existing customers, increasing the profitability of each sale and, in some cases, "firing" unprofitable customers. Know your niche, be aware of your strengths and weaknesses, target your market and do something. Overcome the Power of Inertia.

Although Inadequate Seller's Discretionary Earnings is one of the most commonly encountered obstacles to the sale of a business, Inadequate Marketing and Sales Efforts is a huge factor in many owners' inability to generate sufficient cash flow to have a salable business or to maximize the amount received from a sale. The importance of improved Marketing and Sales Efforts cannot be overstated.

## ***NEXT ISSUE***

### ***Owners with Unrealistic Price Expectations***

## **CONTACT US**



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