

it's not all about the money

HOW TO DEFINE YOUR COMPANY'S VALUE BEYOND REVENUE

Growth planning plays a vital role in the success of your business. But before you can sit down and say, "This is how we want to grow," it is important to understand why you want to grow. You want to make money, but that can't be the only consideration. The "why" comes directly from the type of value that you're hoping to build for your company. Once you define your company's value, and who is affected by that value, you can begin to plan for growth.

GROWTH MEANS REVENUE, RIGHT?

We all know that businesses need money to function, and business owners want their companies to make money. But growth-planning experts agree that if you focus just on increasing the amount of money you make, it is actually detrimental to your business as a whole. In the short term, you may see increased revenue by focusing solely on profits, but what about your company's long-term viability?

"I think you have to look at other things than revenue growth. You do those other things, and then you see the revenue," says Saul Gruber, chair of the long-term care litigation department at Javerbaum Wurgaft Hicks Kahn Wikstrom & Sinins.

He understands that more and more businesses are looking to balance sustainability, employee retention and customer satisfaction, and not to focus on short-term gains. "We try to make sure that we're active in the community and the industry. If you're doing that, you're going to have personal growth as well as name brand growth," he says. "We try to get rid of things that waste time or money."

Entrepreneurs start out by trying to solve a problem, but get lost in the sea of paychecks and profits, and when it comes time to expand their business, many CEOs will turn to revenue as the marker. "Growth is often measured in terms of revenue, but growth is both top line, bottom line and some lines that don't appear on financial statements. More importantly, is your quality improving?" says David H. Glusman, advisory services partner at Marcum LLP's Philadelphia office.

Successful business owners point to that elusive word, "value," as the key to growing their company. "Many business executives equate growth with additional

profit. The true measure of growth should be total value," Glusman says.

So if growth is accomplished by increasing a company's value rather than just its revenue, how do you go about defining value?

DETERMINING YOUR VALUE

Value is a vague term that means many things to many people. But what it means for your business could be the most important thing to define. One great place to start is to ask yourself, "What is our

in recent years. Apartments are becoming a luxurious way to live, as a resident's every need is easily accessible in the apartment community itself, says Jessica M. Scully, president of Scully Company. So, to keep her company growing, she has to keep up with the changing needs of her residents. "My challenge has been to balance the change and be able to be ahead of the curve; to be proactive, not reactive. Our customers have changed [their] life, and their wants and their needs have changed a lot," she says.

"Growth is often measured in terms of revenue, but growth is both top line, bottom line and some lines that don't appear on financial statements. More importantly, is your quality improving?"

David H. Glusman, CPA, DABFA, CFS, CFF, advisory services partner, Marcum LLP, Philadelphia office

differentiator? What makes us stand out above the rest?" From there, your answer points you in the right direction.

Gruber has thought long and hard to determine the value that his business brings. "Giving back to the community is a great thing that people want. I look at where we've been for the past year, what worked and what didn't work, and then I set goals as to what we want to get from our growth."

Identifying a need that has to be filled has always been an entrepreneur's specialty. But, once you start your business, the value that you bring to the table changes along with the needs of the industry. For example, more and more people have chosen to live in apartments

Adapting to industry changes and noticing opportunities based on what each business can provide exceptionally well inevitably leads to growth.

GROWTH THROUGH VALUE

If growth comes from value, CEOs have to plan how to increase the value that their company brings. For Gruber, value is in maintaining his firm's reputation as great nursing home lawyers, so tracking success is key. "We're very big with reports. We have a case management system that allows me to run reports of everything. From how many phone calls we receive to who refers us, to whether we are getting our client base from the internet. Every December, we take those reports and sit

THE INSIDERS



DAVID H. GLUSMAN, CPA, DABFA, CFS, CFF
Advisory Services Partner
Marcum LLP, Philadelphia Office



SAUL GRUBER
Chair, Long-Term Care
Litigation Department
Javerbaum Wurgaft Hicks
Kahn Wikstrom & Sinins



JESSICA M. SCULLY, CPM
President
Scully Company

down and try to figure out what's costing us and how we can change things around," he says.

Data and customer feedback are key to growth planning for any business, and both have been a tremendous positive for Glusman. "How many people will I hire? What is the cost of my raw materials going to be? I put them into a spreadsheet, and out comes next year's budget. In fact, the budgeting and planning process should be woven into the fabric of a company."

Shifts in market opportunities also allow businesses to improve the amount of value that they can bring to their customers. "You can become the best at what you do and hope you grow that way, or you can think outside of the box and look for where the needs are," says Gruber.

Once you're confident of your company's value, it's all about looking ahead. "Our executive team is always looking at ways to be better. We've set time aside in meetings to evaluate technology opportunities, and decide which ones are worth investigating further. It could be monthly or it could be quarterly. Our checklist is: value creation, competitive advantage, continuous improvement, innovative thinking, commitment to our residents, strategy, all that stuff. It requires some company discipline to not necessarily look at everything at the same time. We have to be very disciplined and making sure we're spending our time with the right opportunities," Scully says.

The important thing to remember is that every business is different. Every business has a unique value to bring to the table and a special way to track impact. Once business owners find that value, they're off on the right track to planning growth for their company.

The next step is natural growth, Gruber says. "If you buy your restaurant, then you're no longer a chef, you're a restaurateur. If you run your restaurant like a chef, then you're going to go out of business. And that is true for every industry, be it lawyers, dress makers, anything. You could be the best chef in the world, but if no one is there eating, then there's no point," he says. "Whenever you decide to do any business, the day-to-day is so hectic that you have to find time to sit and say, 'What do I really want to do, and is this working?'"

We asked local leaders to share their growth planning experience and elaborate on how they determined their company's value.



SUCHIT BACHALL
President, North America
Unilog

Every company knows how to calculate and identify performance metrics. The value I get is really through what value I'm adding for my customer's business. Am I a cog in the wheel or fuel for the engine? One way to identify [whether] our value is increasing is by telling them which way the competition is moving. We're always trying to track trends, and we take that to our customers and tell them where they need to be. We also try to improve value by looking at our rate of customer onboarding from year to year. The more customers we bring on, the more we can help. ... When we look at our sales force and customer referrals, as long as that's growing, that's a good indicator of our customer satisfaction.



MARK EDWARDS
President and CEO
Philadelphia Works

For us, adding value is really centered around leadership and making sure that the companies that are represented on our board are the right people. We want to make sure that job seekers are prepared for the jobs that are in demand today. ... We also measure growth from the number of people coming to us looking for training, and those who have had a positive experience with us. We're planning to do a customer service satisfaction survey at the end of this fiscal year. The value proposition for us is our brand name and reputation. When companies and employers come to us to post jobs in our system, do they know we'll send them valuable applicants?



DAVID HANSEL
President
Alpha Funding Solutions

We got involved in other endeavors that were a natural fit for how we were growing. In the last year, we've seen a lot of opportunity in Philly. We kind of grew from there, raised more capital, and got out into the market to let people know what we were doing. ... As the business has expanded, what we're looking for in growth has changed. The end of the year is where we determine if we want to have any major shift. Growth is an organic process for us. Nothing great happens while you're sitting behind your desk. Getting out and reaching other people builds value for us.



JOLEEN JAWORSKI
President
Business Clubs America

For us, growth doesn't necessarily mean growth in revenue. We look at growth for our clients. When we're looking at the strength of our company, we're evaluating the satisfaction of our clientele and the strength of our membership ... To us, if that's growing year to year, that is where our growth really is. When we're doing our planning, we're looking at ways that we can make our clients happier, and that means more growth for us than revenue. At the end of the day, if you're a private company, revenue isn't being scrutinized as much because you don't have shareholders who are focused on that margin and revenue number. If you're trying to drive strong growth in revenue, you often are sacrificing company value and bottom-line profits.



TINA WELLS
Founder and CEO
Buzz Marketing Group (BuzzMG)

For my company, it is all about adapting and changing as we move forward. We believe that as the consumer evolves, the agency must evolve. In this industry, it is easy to remain stagnant once you find something that "works." But strategies that were once effective will not always be effective. Why? Because marketing is all about people, and people change as time moves on. For instance, my company has been studying Generation Y for almost two decades, during which these millennials and their communities have changed a lot. As a result, BuzzMG has continually revised its approach to reach this demographic as it grows.