

The Importance of Marketing when Selling Your Company

Amy LaBan of Lake Capital

Before you sell your training company, think about what you have for sale. Do you own a thriving business that's carved out a niche for itself in a value-added area? Do you have a company that makes a lot of money from just a couple of client relationships? Have circumstances turned against you, and you need to either sell or seek an investor for personal reasons?

Whatever is motivating you to explore selling all or part of your business, there are a number of things you should keep in mind, with the most important point being that growing businesses, ideally growing on both the top- and bottom-line, command the best prices. While many buyers and investors look for businesses with attractive profit margins, they pay a premium for training companies that have not only shown significant growth historically, but can also demonstrate it's ability to capture credible growth opportunities for at least the next three to five years.

Unless you have somehow managed to become the only training provider in a high-demand niche – unlikely, but there may be some out there – in order to grow your training business, you'll need to engage in an effective sales and marketing program to drive your company's top-line. The good news is, the same strategic marketing tactics that position your business best to attract and retain clients will resonate with buyers and investors. The success of those marketing efforts will not only grow your sales and the profits your organization produces (always a good interim step for you as an owner), but will also add a patina to your training business' brand.

Your marketing efforts should clearly communicate why you exist – how you add value to your customers. Part of that message will probably encompass how you've been successful in the past and why you're the best choice for the future. A clear communication of the positioning of your firm's training proposition will help attract good clients and high-quality employees, both of which will add value to your enterprise in the eyes of a buyer.

An effective and proactive marketing plan will also help your company grow beyond the trap many private companies fall into, comfort with a couple of great client relationships. That's fine for an owner wanting to run a "lifestyle" business, but won't command top dollar in the market. If you're contemplating selling your company or taking on an investor, having a client that represents more than 25-30% of your annual revenues should make you think about the timing of your sale, if it's not already keeping you up at night. Buyers will immediately knock down the price they are willing to pay based on the level of "client concentration" in your business.

Of course, money invested in marketing must come from somewhere, so make sure you've gone through a thoughtful process to identify the marketing opportunities that will deliver the most benefit to your business and return on your investment. Tie your marketing plan to a business development pipeline that you are constantly evolving. Not only is it a process to better manage the growth of your company, but it is a tool that you will be able to use to better highlight your future business opportunities to potential buyers. Organizations that look and feel like "real" businesses, with infrastructure to drive growth while managing costs, will be viewed as more developed and generally receive a higher valuation than a company that still runs out of its founder's back pocket.

Can't decide where to start with your marketing? Think about your web site first. These days, your various prospects – new customers, prospective employees, and even investors – will quickly pull up your web site to quickly learn as much as they can about your business. Don't neglect your site, as it's probably the most widely viewed window into your training organization. No need for

whiz-bang technology, just clear communications about your capabilities, positioning, and credentials. After all, if you can't deliver some basics about your business to your viewers, how will you ever be able to train them?

Amy LaBan is responsible for business development and transaction sourcing for Lake Capital, who invests selectively in a middle-market, training and other service-based companies. You can reach her at alaban@lakecapital.com.