

Financial Management Cohort

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October 15th, 2025



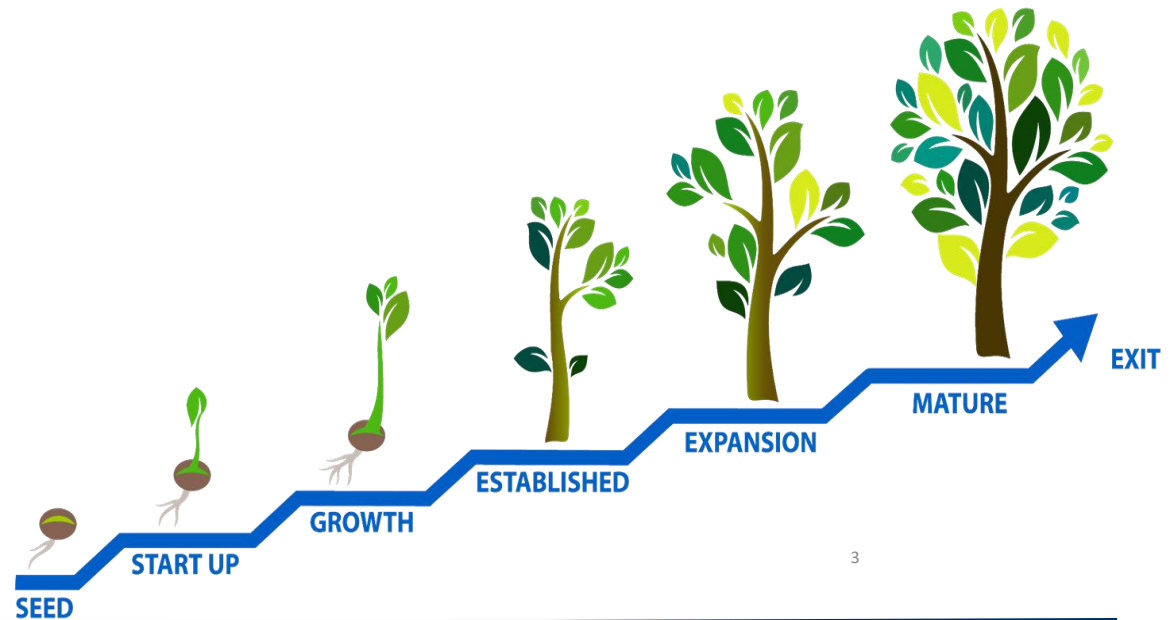
Workshop Agenda – Week

Week 3 – Growth Strategies

- Week 2 review – KPIs
- Growth Strategies
- Financing options
- Risk Mitigation
- Business Valuation
- Buying or Selling a business

Homework?

- What KPIs did you choose?
- Financial – GM, Net Income
- Sales Management
- Operations
- Marketing



Key Performance Indicators

- **A Measure** – Every KPI must have a measure. The best KPIs have more expressive measures.
- **A Target** – Every KPI needs to have a target that matches your measure and the time period of your goal. These are generally a numeric value you're seeking to achieve.
- **A Data Source** – Every KPI needs to have a clearly defined data source so there is no gray area in how each is being measured and tracked.
- **Reporting Frequency** – Different KPIs may have different reporting needs, but a good rule to follow is to report on them at least monthly.

Building your Business Performance Dashboard Metrics - A Step by Step Guide - *Live Webinar* - PW

Nov
13
2025

Thu, Nov 13 10:00 AM to 12:00 PM

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🖥 Online
Facilitated by [Mason SBDC](#)

Topic: Start-up Assistance



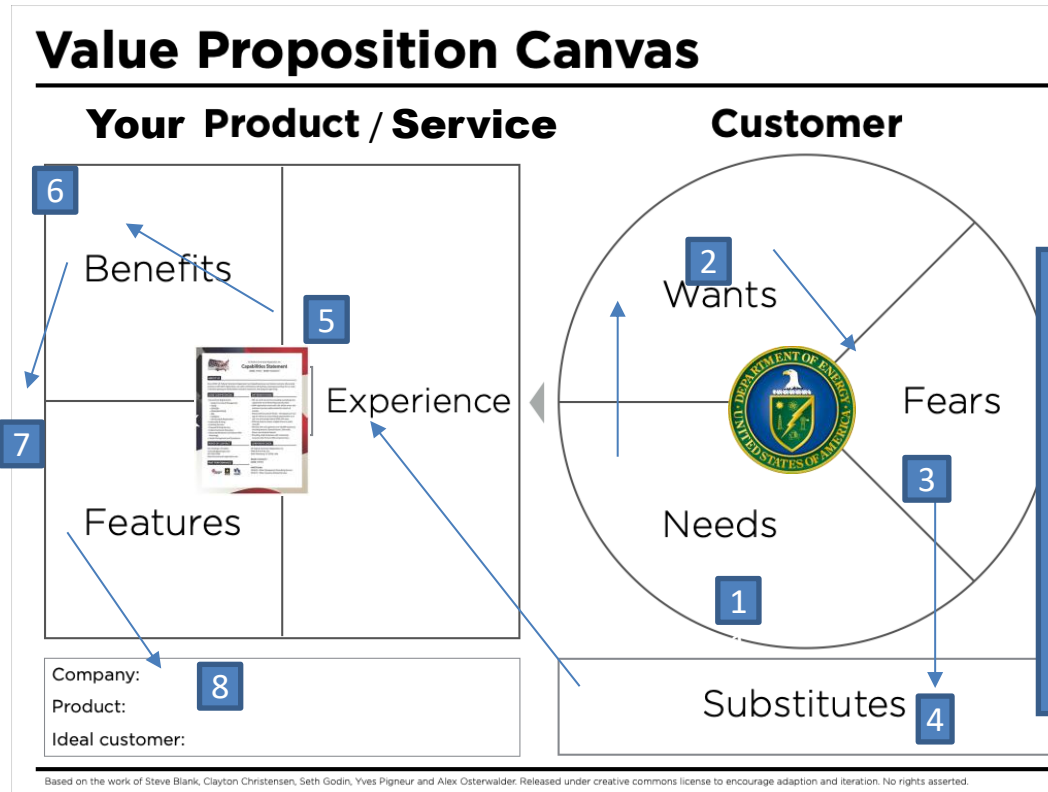
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Growth Strategies

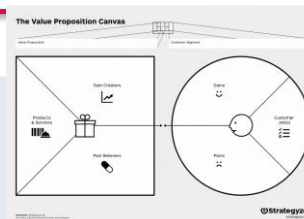
- Review of your Value Proposition
- Personas for each customer segment
- Understanding your competition
- Optimized for organic search
- Partnership development
- Investment strategies

VPD Relevance



- Competitive Incumbent strengths & gaps
- Subtle differences in what the customer wants and needs
- A very strong, aligned Capabilities Statement
- Your Business Briefing / pitch; your services
- Your Marketing Strategy Brand Positioning
- Web Site Elements
- Organic Search Tags
- ...and much more

Value Proposition Design Importance



Inform strategy
and tactics

- **Competitive Incumbent strengths & gaps**
- **Subtle differences in what the customer wants and needs**
- **A very strong, aligned Capabilities Statement**
- **Your Business Briefing / pitch; your services**
- **Your Marketing Strategy Brand Positioning**
- **Web Site Elements**
- **Organic Search Tags**

Building to Achieve Maturity

Social Selling

- Drive Revenue Generation
- Channel Engagement
- Micro Content Delivery
- Relationship Building

-----Revenue Creation-----

Social Media Marketing

- Channel Management
- Brand Awareness
- Audience Building
- Macro Content Building

Digital Marketing

- Website
- SEO
- SEM
- Messaging
- Marketing Campaigns

LEVELS OF DIGITAL MATURITY

Investment Strategies

- Invest in Sales and Marketing
 - Business Development
 - Paid Media
 - Automation Tools
- New Product or Service
 - New offers for your install base
 - VPD Customer Discovery

Investment Strategies

- Geographic Expansion
 - Multiple locations
 - License or Franchise
- Acquire an existing business
 - Strategic investment
 - Merger with another company
- Key hire expansion

Financing Your Business

- Typical Funding Sources
- **YOU** – Savings, Home Equity Line of Credit, Family, 401K/IRA Rollover (ROBS)
- Equity Funding
- Grants and Government Funding
- Crowd Funding
- Micro Loans
- Bank Financing

Financing Your Business

Raising Outside Money

- It is a **SALES** process
- Establishing Trust in You
- You are an **Expert** in your Market
- You have a Convincing Business Plan
- You are Creating a Relationship with your Banker/Investor/funder
- Understand their motivation

Equity Financing

Angel Investors and Venture Capital

- They're in it for the money – 10X return
- High Growth with an exit within 4 years
- Challenging Valuation Negotiation
- Expensive for the Founders
 - Legal Fees
 - Cost of your Equity
 - Things don't go According to Plan

Financing - Equity

Convertible Debt – Friends/Family or Angel Investors

- Valuation can't be established
- Promissory note – Converts to Equity at a later date
- Typical Conversion
 - 25% discount on the next round
 - Accrues interest 8%
 - No Payments for 2 years
 - May choose not to convert
- SAFE Note – Simple Agreement for Future Equity
 - Converts at a discount on the next round

Financing Your Business

Grant Funding

- Grants.gov – Grant listings for US Government
- SBIR.gov – Agency research grants
 - STTR – University Partnership
- Candid.org (formerly foundationcenter.org)
 - Non Profit and Foundation
- DC Foundation Center Library
- Your Public Library

Financing Programs

Micro Loan Programs

- Virginia Small Business Financing Authority
 - \$10-150K
 - Credit Score – 650, Personal Guarantee
 - In Business for 2 years
- Latino Economic Development Center
 - Loans to \$250K – 2 years in Business
 - Loans to \$20K – over 1 year in business
 - Loans to \$5K for Startups under 1 year in Business
 - Interest rates 6.5%

Bank Financing

- Term Loans and Line of Credit.
- Cheap Money – Good Interest Rates, You are in Control
- Understand their Motivations and Processes
 - Sensitivity to Risk
 - Do you Fall inside their BOX?

Financing Your Business

- Loan Underwriting Process – a Risk Assessment
 - Ability to Service the Debt
 - Personal Credit Review and Situation
 - Collateral Position
 - Collection and Review of Documentation
 - Personal Financial Statement, Tax Returns, Business Plan and supporting Documentation

Financing Your Business

- Banks Supporting Small Business
 - Big Banks
 - Medium Banks
 - Community Banks

Financing Your Business

- Community Banks
 - \$100K to \$2M Loan Target
 - SBA Preferred Lenders
 - Loan Officers work with Underwriters and have Direct Access to the Loan Committee
 - Act as Business Advisors
 - Collateral Still is Important

Financing Your Business

- SBA Backed Loans (SBA 7a)
 - Loan Guarantee Program – Reduces Risk to the Lending bank.
 - The Bank Still Underwrites the Loan
 - Does NOT Reduce your Collateral or Exposure
 - Can Result in Higher Fees, More Paperwork
 - If you Default, The Bank Collects from You Before Turning to the Guarantee.

Financing Your Business

Strategies for your Bank Presentation

- Which Bank to Target First – Referrals are good.
- Remember this is a SALES Presentation
- Compelling Business Brief (in PowerPoint)
- Meet at a Neutral Site
- Have the Paperwork Ready to Go
- Respond to Additional Information Requests

Presentation Outline

- Storyboard – Telling your Story
- About “You”
- Your Customer
- Your Offer
- Typical Sale
- Competition
- Marketing Plan
- Summary Financial Plan and History
- Your Ask

Financing Your Business

- Term Loans – Usually to Buy Something
 - Banks Don't Finance 100% of need
 - The Term is Based on Asset Life
 - Interest rates are typically fixed over the term.
 - Cash Flow Critical to Servicing the Debt

Financing Your Business

- Working Line of Credit
 - Accounts Receivable Based (75% of your 90 day A/R Balance) – Borrowing base
 - Interest Rates are variable – tied to the Prime Rate
 - Requires Regular Financial Reporting
 - Annual Renewal Fees
 - Could be Combined with a Term Loan

Financing Your Business

- What is Collateral?
 - Lien on Real Estate – 2nd Position to your Mortgage Company.
 - Business Assets
 - Cash in the form of Certificates of Deposit
 - Everything else establishes Net Worth but not as Collateral – Retirement Accounts, Securities held by your Broker, Vehicles, Jewelry, etc.
 - A Personal Guarantee is Required in ALL cases

Avoiding Personal Collateral

- Establishing a Formal Board of Directors with financial oversight
- Audited Financials
- History of profitability
- Industry Metrics
 - Current Ratio
 - Gross Margin %
 - Net Income %
 - Average A/R Days

Financing Your Business

Why Banks may say NO

- Two Mortgages on your house – bank in a 3rd Position
- Low Credit Score, Credit Report Issues
- Personal Debt
- Business Experience
- Perceived Risk of the Market – i.e. Startup Restaurants, Untested Markets

Questions?

Let's Take a Break

Managing Risk

Risk Mitigation

- Business Risk
 - Commitment to the business
 - Poor hiring
 - Business model validation
- Financial Risk
 - Not making your numbers
 - Marketing effectiveness
 - Capital to execute

Risk Mitigation

- Legal Risk
 - Business Insurance
 - Standard Operating Procedures
 - Client Contracts
- Cyber Security Risk
 - Cyber Security plan
 - Employee training
 - Cyber security insurance

Business Insurance

- General Liability – Personal Injury
- Property Insurance – Fire, Theft
 - Flood Insurance is a separate policy
- Business Income Insurance
- Professional Liability – E&O
- Worker's Compensation
- Cyber Security
- Commercial Automobile
- Commercial Excess Umbrella

Disaster Recovery

- Appropriate Insurance Coverages
 - Property, Business Income
- Disaster Recovery Plan
 - Establishing an alternative location
 - Written communications plan
- Financial Assistance – EIDL
- Employee training

Business Valuation

Market Value of your Business

- Why value your business?
- Future Sale of the company
- Buyout a partner
- Estate or Divorce
- Equity Investment
- Stock Options for Employees
- Succession Planning

Methods of Valuation

- Real value is what someone else is willing to pay to buy it.
- Public Company Market Cap – Stock Price X Issued Shares
- Looking for a low or high valuation?
- Hire a certified business appraiser?

Methods of Valuation

- Back of the envelop valuation
 - .25 to 1 X of Annual Sales
 - 4 to 7 X of Net Income
 - 2.7 X Owner's Discretionary Income
- Formal Cash Discount Model
 - Cash Profit over X years
 - Discounted each year for Inflation (Net Present Value)
 - Book Value

Business Valuation

This data on business valuations is supplied by DealStats, an online database with the most complete financial details on nearly 36,000 acquired companies. These companies are mostly small and medium-sized private firms.

Summary Valuation Data for Car Washes

	MEDIAN	MEAN	# TRANSACTIONS	DATES
Price to Net Sales	0.88	1.48	134	02/05/1992–05/07/2021
Price to Gross Profits	1.11	2.01	124	02/05/1992–05/07/2021
Price to EBITDA	3.16	7.54	91	02/05/1992–05/07/2021
Price to EBIT	3.9	13.02	115	02/05/1992 –05/07/2021

Compare Businesses for Sale



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Established Businesses

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Asset Sales

Start-Up Businesses

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Classifieds

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Well Established Licensed Construction Company-29971

\$2,300,000

Cash Flow: \$700,000

Well Established Licensed Construction Company-29971

Suffolk County, NY

Specializing in construction, drainage, asphalt, masonry and more. State, city, town and private work for major contractors. Heavy equipment included. Scalable business. This is a minority owned and operated business. For further information on this...

Contact Seller



C&D Landfill, Waste Management & Demolition Op w/\$800K Net!

\$4,950,000

Cash Flow: \$800,000

Seller Financing

100yr old C&D Landfill/Waste Disposal&Demo.Biz 3yr \$800KSDE. !!!

Joplin, MO

Regional Commercial Waste Disposal and C&D Landfill & Industrial Demolition Op for sale with \$5M sales(3yr avg) \$800K net cashflow(3yr avg) This 100 year old company provides turnkey commercial waste disposal services and solutions. Business has a...

Contact Seller



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Next Steps

- Build a forward looking forecast
- Consider Contract Backlog and Pipeline
- New investment opportunity/New Offer
- Intangibles
 - Brand/Reputation/Certifications
 - People and Processes

Selling a Business

- Interesting in selling?
- Possible buyers
- Preparing for due diligence
- Marketing the business
- The closing process
- Other considerations

Why Sell & Who Buys

- Retirement
- Maximum Valuation
- Strategic Opportunity
- Cash Flow buyers
- Past performance buyers
- Employees

Types of Sale

- Asset Sale vs Equity Sales
 - Asset sales are most common
 - Seller retains their liability, Cash and Accounts receivable
- Buyer gets the brand and physical assets
 - Inventory, equipment, digital property

Prepping to Sell

- All financials are up-to-date
- Tax returns current
- Inventory of assets
- Digital review – reputation
- Contract review, IP review
- Valuation supporting documentation
- Non Disclosure agreement
- Discussion with employees

Marketing your business for sale

- Summary one-pager
 - Asking price, cash flow, description
- Retaining a business broker
- Posting on digital marketplace – BusBuySell.com
- Discuss with select members of your network
- Customers, partners, suppliers

Summary offer



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Top-Rated, Northern Virginia Flooring Business for Manassas, VA (Prince William County)



Asking Price:	\$390,000 ?	Cash Flow:	\$170,000 ?
Gross Revenue:	\$560,000 ?	Inventory:	N/A ?
EBITDA:	N/A ?	Established:	2010
FF&E:	\$45,000 ?		

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☰ Valuation Report

Summary offer

Business Description

Northern VA turn-key flooring operation

Excellent opportunity for operator investor. More than 13 years as a trusted flooring company providing refinishing, staircase remodeling and floor installation among others

Totally debt-free, package includes all equipment, vehicles, trade and client contacts. Includes findable website with 500+ Keywords on 1st Pages of Google, running email campaigns and branding program. Easy to scale.

More details will be provided to qualified buyers.

Summary offer

Detailed Information

Location:	Manassas, VA
Furniture, Fixtures, & Equipment (FF&E):	Included in asking price
Facilities:	Package includes: (3) well maintained branded vehicles; 2 vans and a Prius All the necessary equipment for refinishing and installation projects for 2 crews: - Drum sanders - Edgers - Buffers - Miter saws - Table saws - Orbital sanders - General tools (Home Based)
Competition:	The U.S. hardwood flooring industry employs 45,000 people, contributes \$4 billion to our gross domestic product, and generates \$8.5 billion in economic output. The majority of Virginia homes feature wood floors, preferred for their value, sustainability and life span of about 100 years. Yet, only a minority of homeowners know how to care for them. Although there are plenty individuals providing flooring services, established companies are favored. Among competitors are Hatchers Floors, MM Floors, Loudon Valley Floors and Prospect Hardwood Flooring.
Growth & Expansion:	The business is easily expandable requiring only a few key people and equipment to establish new locations. Opportunity to partner with painting and remodeling contractors among others.
Support & Training:	Training and support available as well as standing crew. Terms to be discussed.
Reason for Selling:	Retiring Owner
Home-Based:	This business is Home-Based

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The Dance

- Execute NDA agreement
- Communicate through broker
- Request for information – financials
- Buyer initiates a Letter of Intent
- Valuation negotiations
- Financing expectations
- Seller note?
- Other terms – Owner transition, hold backs

The Close

- Close date set
- Purchase agreement draft
- Financing approvals
- Employment agreement
- Assignment of contracts
- Knowledge transfer
- Customer communication plan

Homework

- Create your 2026 budget
- Request a counseling session

THANK YOU!

Questions?

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