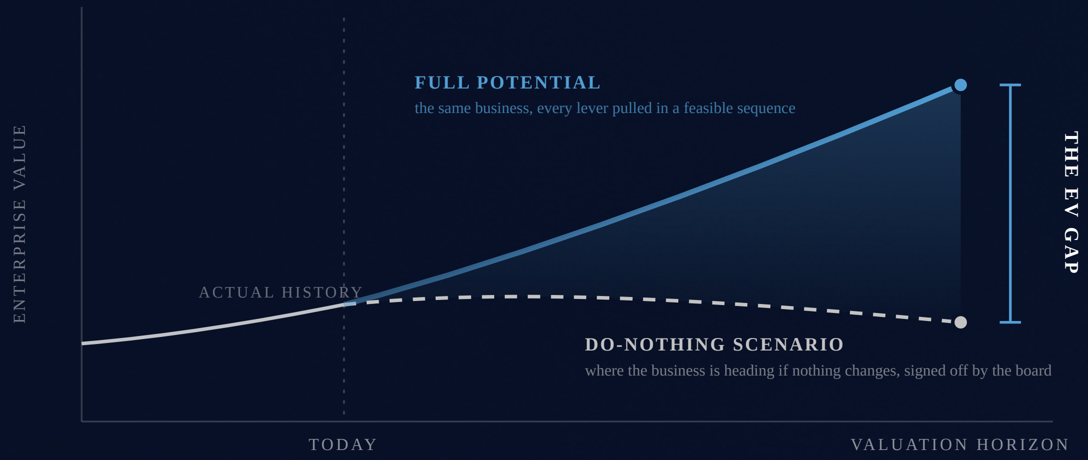
THE ENTERPRISE VALUE GAP

Every business runs on two curves.

The people inside a business cannot see it clearly; ego, attachment, and sunk cost corrupt the view. We draw both curves from the outside, and we measure the distance between them.



VALUE HAS AN EQUATION

$$\text{Enterprise Value} = \text{EBITDA} \times \text{Multiple}$$

EBITDA = Revenue − Cost, measured over time against the do-nothing scenario. A business becomes more valuable in exactly three ways, and only three.

The gap is one number, expressed two ways: a percentage of enterprise value, and dollars of EBITDA. In one family-owned group it measured 335% of enterprise value, anchored by $13M of annual EBITDA opportunity. Measured, never asserted; every lever sized, benchmarked, and netted for the cost to pull it.

A GROW REVENUE

MOVES REVENUE

GROW VOLUME

- Sell to new customers
- Enter new markets and sectors
- Increase revenue per customer
- Launch new products and services

RAISE REALIZED PRICE

- Set prices to value
- Stop price leakage

SHIFT THE MIX

- Shift mix to higher-margin business

B REDUCE COST

MOVES THE COST BASE

BUY BETTER FROM THIRD PARTIES

- Cut direct spend
- Cut indirect spend

RIGHT-SIZE YOUR OWN ORGANIZATION

- Right-size workforce and structure

C EXPAND THE MULTIPLE

MOVES THE MULTIPLE

MAKE REVENUE PREDICTABLE

- Put revenue under contract
- Break customer concentration

MAKE THE COMPANY VERIFIABLE

- Close the books fast and clean
- Clear the legal and tax file

TAKE THE BUSINESS OFF THE FOUNDER

- Install a working board
- Build management that runs it without you

ACCELERANTS

- Digital & Technology
- Partnerships & Channels
- M&A

They amplify levers; they are never levers. Cash released and capex avoided are shown separately at 1x.

You cannot close a gap you have never measured. Know yours.