

Grow Assessment Report

Remington Enterprises

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Prepared for:

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Remington Enterprises
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This report is not a certified business valuation. The business value shown cannot be used to provide a determinative value for Federal or State tax purposes.

Overview

Revenue	EBITDA	Enterprise Value	Potential Value	Value Gap	Red Flags	CoreValue	Diligence
\$4.75M	\$567K	\$6.37M	\$8.97M	\$2.6M	2	68	A
Industry				Objective			
Management of Companies and Enterprises				Prepare to sell my business			

Objective

The purpose of this report is to present a comprehensive summary of the data you have provided us about the business. With this data, and some additional analysis offered in the pages that follow, you can grow the business value and control your future.

This report, and the underlying research and technology that drives it, provides a radical operational transparency you will need to move forward. If you think of the business as an engine, this report measures the potential of components of your "business engine" to provide value to your customers and to generate future revenue and profit.

Behind this report is research-driven intelligent SaaS technology that's standing by 24-7 to help you wherever you decide to go.

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Executive Summary

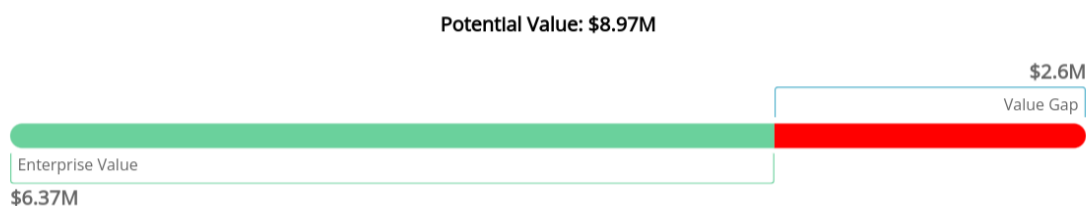
- Remington Enterprises is a business in the Management of Companies and Enterprises industry with annual revenues of \$4.75M and EBITDA of \$567K.
- The business currently scores a CoreValue rating of 68.
- We calculate the business has an estimated Enterprise Value of \$6.37M.
- We calculate the business has a Potential Value of \$8.97M.
- We calculate a Value Gap of \$2.6M
- We found 1 Red Flag Issues.
- We offer 12 Suggested Tasks to help you close your Value Gap.
- We found the following top 3 Critical Drivers that are contributing to the majority of your Value Gap:
 1. Growth Gap: \$307K
 2. Sales and Marketing Gap: \$291K
 3. Brand Gap: \$258K

Enterprise Value

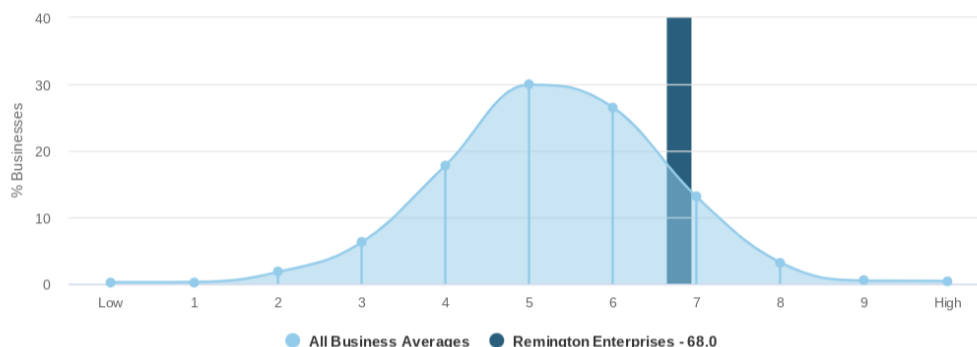
Enterprise Value is a measure of business value based on what a theoretical buyer would pay for a business after conducting a thorough due diligence. It is calculated based on the ability of the business to generate future revenue and profit using an algorithm that includes industry normalized trading ranges, financial performance, and the calculated *CoreValue Rating*.

In some cases, *Strategic Buyers* within specific industries will pay above this financial value and thereby create strategic value. These buyers will purchase a specific asset or capability they believe can be leveraged beyond how the business performs today. It is important to understand that strategic value can change quickly and should not be fully relied on when planning for the future.

Balance sheet adjustments are not included in the value calculation. It assumes a neutral balance sheet.



CoreValue Rating



The CoreValue rating looks at businesses in a given industry to establish best in class characteristics that are indicators if a business will transact at the higher or lower end of a given industry's trading multiple, typically in relation to its EBITDA.

Based on the answers you provided in your assessment of the market and operational areas, the business may be attractive to potential acquirers making it more likely to monetize when the time comes to exit. However, protecting your value and de-risking the business is important if you expect to have a business rich, cash accessible outcome.

Operational Transparency

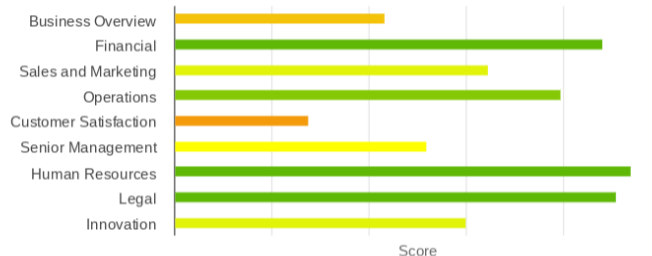
Your *CoreValue Rating* is a measure of how dependably the business can operate and generate future revenue and profit at or above its current rate. The rating is scored from 0-100 and is divided into *Market Drivers* (external in nature) and *Operational Drivers* (internal in nature). Businesses with a rating below 30 are at risk of having little or no value, and businesses above 80 have significant strategic potential in a sale or transfer.

The chart below displays your score broken down between Market Drivers and Operational Drivers. For each category, we display the current scores for the value drivers in that category.

Market Drivers



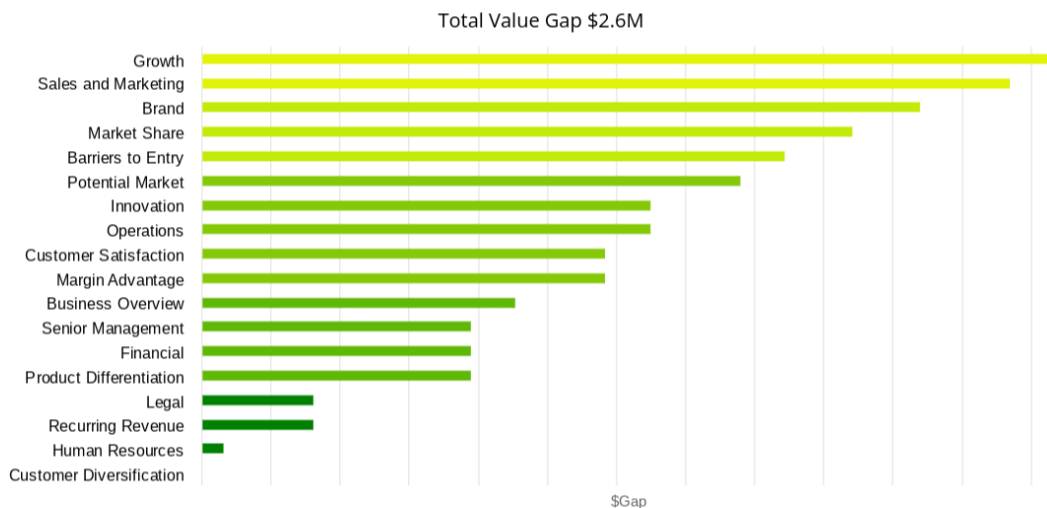
Operational Drivers



Value Gap Analysis

Value Gap is the difference between how much the business is worth today and how much it could be worth. The top most *Critical Drivers* are contributing most directly to your Value Gap and represent the greatest opportunity to improve the value of your company.

Value Gap is measured in real dollars, broken down in the chart below by driver so you can see not only how much money you are leaving on the table, but just as important, the 'Return on Investment' (ROI) for making future investments back into the business. In this chart drivers are sorted from highest value gap to lowest.





Red Flags

Red Flags are important issues or "watch outs" that can negate all the value in the business. If you are trying to raise capital or sell the business, these are the types of issues that will bubble up during due diligence. They are the major reason half the businesses never make it through the due diligence process. For those that do make it through due diligence, the majority take a significant hit in price and negotiating terms when these issues are present.

Based on your responses in your assessment, the table below lists specific red flag conditions we believe are harming the business value. Be proactive and work to eliminate all your red flags. The ValuCompass application will recommend tasks you can do to remove each red flag and track your progress.

Here are the red flag conditions we found in your assessment:

 Business Overview	A business that can clearly be explained and understood is valuable. You want outsiders to be able to easily understand what you do, why you do it, and how you do it so they understand the value of the organization.
 Organizational Roles and Responsibilities	Ambiguous employee roles and responsibilities is a sign of deeper organizational issues.

Suggested Tasks for Recapturing Value Gap

Suggested Tasks are identified actions you can take to grow and improve the value of the business. Suggested tasks is a complete list of suggestions we offer to improve your Value Gap. We list them below in descending order sorted by value gap. Some tasks will be quick to accomplish, inexpensive, less disruptive, and have a high ROI -- we believe you should do those first. They get you moving quickly, drive momentum, and provide you and your team real measurable improvements.

Suggestion	Value Gap	
1. Document how you monitor competition <i>Potential Market</i> Take the time to document how your company monitors competition.	\$88.8K	1%
2. Quantify the size of your market <i>Market Share</i> Determine how big your market is (\$). If you don't have the data on hand, there are many on-line resources you can tap. You can even extrapolate the market size, as long as you document your assumptions.	\$56.5K	1%
3. Quantify the uniqueness of your products/services <i>Product Differentiation</i> Quantify the uniqueness of your product or service. For example, if you have a product that is uniquely reliable, take a look at your return rates. For a service that touts quick turn around time, quantify how quickly you deliver this service versus your competitors, etc.	\$48.4K	1%
4. Document your process to improve margins <i>Margin Advantage</i> Document your process for improving margins. Make sure your process includes a way to continually track and measure progress.	\$40.4K	0%
5. Improve your gross margins <i>Product Differentiation</i> Demonstrate that you have quantitative proof of differentiation, by product or service, and make sure that you can show a pricing and/or cost advantage over its competition.	\$40.4K	0%
6. Document capital barriers <i>Barriers to Entry</i> Document and organize critical capital barriers to entry, especially if you suspect that the capital barriers are fairly high for your market.	\$40.4K	0%
7. Create succession plans for all senior managers <i>Senior Management</i> Create a personnel plan for each senior manager that ensures a smooth continuation of the business in case a change in senior management occurs.	\$40.4K	0%
8. Document market barriers <i>Barriers to Entry</i> Document and organize your market barriers to entry. Make sure to include how you created these market barriers and how you will protect them. Examples include brands, licenses, trade secrets, exclusive agreements, location, etc.	\$24.2K	0%
9. Document your process <i>Innovation</i> Document your process to encourage, capture, and protect innovation among your employees.	\$24.2K	0%
10. Identify a trusted advisor for your company <i>Business Overview</i> Identify a trusted, C-level advisor, who reviews, advises, and provides feedback to the owner/CEO. A trusted advisor (versus a business expert) typically helps build the business as a whole and is a confidant to the owner. This advisor should have broad business experience, be able to share both good and bad news, have access to all financial and operating information, and show up regularly to play an active role as part of the fabric of the business.	\$24.2K	0%
11. Communicate your company's story <i>Business Overview</i> First, make sure you can succinctly give an 'elevator pitch' or a 1 minute topline summary on your company (what it does, the history, why it is successful, etc). Then, make sure everyone in your company understands your company's story and can communicate it clearly (both written and orally) as well. Having everyone aligned around the basic information about your company is essential; it's the glue that holds a company together and ensures that there is a consistent message to the outside world.	\$24.2K	0%
12. Create a company binder <i>Business Overview</i> Create a profile of your company that includes an industry description, high level year-over-year sales and gross margin reports, company history, location of operations, employee count and make-up, corporate and legal structure, and the accountants or lawyers advising the company.	\$16.1K	0%

Detail by Driver

Value Driver Detail Reports

These 18 reports show your workbook answers and scores for the components of each single driver. Higher scores are better. The drivers are listed in descending order by largest value gap to smallest. We recommend you tackle the biggest gaps first.

1. Growth

Driver Gap: \$309K

Company Growth

Think so, but we don't have all the documentation together.

Industry Growth

Probably not.

Customer Advantage

We have a few compelling reasons.

Company Growth: 5

Industry Growth: 3

Customer Advantage: 7

2. Sales and Marketing

Driver Gap: \$292K

Sales and Marketing Metrics

We track our progress and sometimes take action.

Sales and Marketing Objectives

We have some objectives.

Sales Plan and Process

We have some elements of a sales plan and process.

Customer Contracts

Yes, we routinely execute customer contracts, have documented payment and delivery terms, or receive payment at time of purchase (i.e. retail businesses).

Marketing Plan and Process

We have some marketing ideas that we pursue.

Market Research

We use data for the big decisions.

Sales and Marketing Metrics: 7

Sales and Marketing Objectives: 5

Sales Plan and Process: 5

Customer Contracts: 10

Marketing Plan and Process: 5

Market Research: 7

3. Brand

Driver Gap: \$260K

Brand Protection

We're pretty good about protecting our brand and policing how it's used.

Brand Awareness

Our brand is pretty solid, but we don't have documentation.

Brand Advantage

We don't have a pricing model or financial measures of our brand advantage.

Brand Protection: 7

Brand Awareness: 5

Brand Advantage: 0

4. Market Share

Driver Gap: \$236K

Market Definition

Yes, we can define our market, but don't have the data to quantify it.

Dominant Market Position

We have a general idea where we stand, and we're not at or near the top.

Market Communication

Yes, but only for 2 reasons.

Market Definition: 3

Dominant Market Position: 3

Market Communication: 8

5. Barriers to Entry

Driver Gap: \$211K

Legal Barriers Documentation

Yes, we have all our legal documentation together.

Barriers to Entry Types

We have some barriers.

Capital Barriers Documentation

No, we don't have any such documentation.

Market Barriers Documentation

We have some documentation, but it's not complete.

Legal Barriers Documentation: 10

Barriers to Entry Types: 5

Capital Barriers Documentation: 0

Market Barriers Documentation: 5

6. Potential Market

Driver Gap: \$195K

Competitive Monitoring

We don't have a formal process, but we do monitor competitive entrants informally.

Niche Clarity

We have some documentation but it's not complete or not specific to our niche.

Market Size

We're pretty sure we're in a big market, but would need to find documentation.

Future Market Growth

Yes, we have documentation based on research or other methods of growth trends in our market.

Competitive Monitoring: 2

Niche Clarity: 5

Market Size: 5

Future Market Growth: 10

7. Innovation

Driver Gap: \$162K

Collaboration

We use our network when needed.

Culture and Rewards

We will recognize and reward good ideas when we see them.

Metrics

We have quantified the benefits of some innovations.

Process

We have a process, but it's not completely documented.

Collaboration: 5

Culture and Rewards: 5

Metrics: 8

Process: 7

8. Operations

Driver Gap: \$162K

Delivery Objectives

We have objectives, but a few could be improved.

Delivery Process

Most of our delivery process is documented and easy to follow.

Suppliers and Contracts

Yes, we have contracts with most of our suppliers.

Performance Metrics

We have some metrics that we use most of the time.

Industry Standards

Yes, we do everything by the book.

Delivery Objectives: 7

Delivery Process: 7

Suppliers and Contracts: 10

Performance Metrics: 6

Industry Standards: 10

9. Customer Satisfaction

Driver Gap: \$146K

Customer Satisfaction Metrics

We sometimes measure customer satisfaction.

Satisfaction Objectives

We have some goals and objectives, but we really don't communicate them.

Satisfaction Plan and Process

We don't have a plan.

Customer Satisfaction Metrics: 3

Satisfaction Objectives: 5

Satisfaction Plan and Process: 0

10. Margin Advantage

Driver Gap: \$146K

Margin Improvement Process

We have a process, but it's not well documented.

Margin Trends

Yes, we have documentation that shows margin history by quarter over time for both gross and net (bottom line) margins.

Margin Advantage

Yes, we have projections and can defend them.

Quantifiable Advantage

Both net and gross margins are solid.

Margin Improvement Process: 4

Margin Trends: 10

Margin Advantage: 10

Quantifiable Advantage: 5

11. Business Overview

Driver Gap: \$114K

Company Culture

We have a pretty positive culture and employees are overall happy.

Web Presence

Our web presence is basic but adequate.

Defined Market

We have a pretty good understanding of our market.

Competitive Information

We have a solid understanding, but we could be better informed.

Company Story

The company story is sort of defined, but only a few people know it.

Strategic Direction

We have some components of a strategic plan and they are in-line with the business owner's personal goals.

Business Profile

We have some information gathered in one place.

Trusted Advisor

No, we don't have a trusted advisor.

Company Culture: 7

Web Presence: 5

Defined Market: 7

Competitive Information: 5

Company Story: 1

Strategic Direction: 7

Business Profile: 3

Trusted Advisor: 0

12. Senior Management

Driver Gap: \$97.5K

Compensation

We offer competitive base salaries but not much is tied to performance.

Roles and Responsibilities

Our senior managers seem to have pretty good clarity around roles and responsibilities in meeting company objectives.

Team Functionality

Our senior management team seems to work well together.

Reporting Relationships

Yes, I could leave tomorrow for an extended vacation and the business would be just fine..

Succession Plan

We don't have plans for any of our senior managers.

Compensation: 5

Roles and Responsibilities: 7

Team Functionality: 7

Reporting Relationships: 10

Succession Plan: 1

13. Financial

Driver Gap: \$97.5K

Operating Reports

We have a standard set of reports that we use regularly.

Audits

We have someone review our finances annually.

Tangible Assets

Yes, all of our documentation is accessible, complete, and up-to-date.

Financial Statements

Yes, we live and breathe by our financials.

Intellectual Property

We're on top of mostly the legal stuff such as patents and trademarks.

Tax

Yes, absolutely.

Risk and Insurance

We have a pretty good idea of the risks, and have insurance to cover the big stuff.

Banking and Capital

We get most of what we need from our bank.

Operating Reports: 10

Audits: 7

Tangible Assets: 10

Financial Statements: 10

Intellectual Property: 7

Tax: 10

Risk and Insurance: 7

Banking and Capital: 7

14. Product Differentiation

Driver Gap: \$97.5K

Product/Service Lifecycle

We have well documented plans for all our products/services.

Proof of Differentiation

Yes, we can articulate why our products and services are unique, but we can't really quantify it.

Financial Differentiation

Our gross margins are slightly better than the industry's average.

Product/Service Lifecycle: 10

Proof of Differentiation: 6

Financial Differentiation: 8

15. Legal

Driver Gap: \$40.6K

Contracts

Most of our legal contracts are well organized and easily accessible.

Process

Yes, we have a process to handle all sticky legal issues.

Litigation

We do not have any claims against our company or our employees.

Capital

Yes, we have documented agreements with all investors.

Contracts: 7

Process: 10

Litigation: 10

Capital: 10

16. Recurring Revenue

Driver Gap: \$40.6K

Customer Retention

Yes, but only for 2 reasons.

Customer Mix

Yes, our customer base is a mix of new, developing, and long term customers.

Contracts

Yes, we have customer contracts or assurances of future revenue that represents most (over 75%) of our annual revenue.

Customer Retention: 8

Customer Mix: 10

Contracts: 10

17. Human Resources

Driver Gap: \$8.1K

Roles and Responsibilities

Most of our employees understand their roles.

Policies and Process

Yes, we have documented processes.

Compensation and Benefits

Yes, we follow best practices and utilize different types of compensation.

Employee Contracts

Yes, we have legal employee contracts with all employees.

Recruitment

We have a process that uses many different methods to staff our company.

Roles and Responsibilities: 7

Policies and Process: 10

Compensation and Benefits: 10

Employee Contracts: 10

Recruitment: 10

18. Customer Diversification

Driver Gap: \$0

Trend Analysis

Yes, we can show historical data and trends to prove our customer base will continue to diversify.

Future Customer Diversification

Yes, we have documentation to show future projections of growing customer diversification by customer or product/service, and we can defend these projections.

Customer Concentration

Yes, we have documentation that clearly shows that no one customer represents more than 20% of the company's revenue.

Trend Analysis: 10

Future Customer Diversification: 10

Customer Concentration: 10