

# BUILT TO SELL

Turn Your Business into One You Can Sell

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flipjetmedia

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# Foreword

In almost three decades at *Inc.* magazine—first as senior editor, then executive editor, then editor-at-large—I have had many great mentors, and they’ve given me an extraordinary education in entrepreneurship. Among the many things I’ve learned from them has been the fundamental paradox that lies at the heart of company-building, at least as it is practiced by the smartest entrepreneurs: You should always run a company as if it will last forever, and yet you should also strive constantly to maximize its value, building in the qualities that allow it to be sold at any moment for the highest price buyers are paying for businesses like yours.

That’s the philosophy of Jack Stack, the co-founder and CEO of SRC Holdings Corp. in Springfield, Mo., with whom I have written two books, *The Great Game of Business* and *A Stake in the Outcome*, that explore the mechanisms he and his colleagues have used to create such an enterprise. It’s also the philosophy of Norm Brodsky, the serial entrepreneur with whom I have written another book, *Street Smarts* (formerly *The Knack*), as well as a long-running column in *Inc.* of the same name.

And it’s the philosophy of John Warrillow. John, in fact, refers to this approach as having an “options strategy,” as opposed to an “exit strategy.” The idea is to have as many choices in

the future as possible. When you follow an options strategy, he says, you “build systems and a management team around you so that if a buyer comes along, or you decide it’s the right time to get out, you have a sellable business. Or so that you can install a president and move into a chairman’s role, which is a kind of quasi-exit. Or so that you can stay involved day-to-day and work on building an enduring company that can go on without you.”

The point is that the best businesses are sellable, and smart businesspeople believe that you should build a company to be sold *even if you have no intention of cashing out or stepping back anytime soon*. If you share that belief, this book is right up your alley. John does a masterful job in *Built To Sell* of illuminating the qualities that business buyers look for in a company, and he does it in a thoroughly enjoyable and engaging manner: by telling a story. Although Alex Stapleton—the lead character in the story—owns an advertising agency, the fundamental lessons he learns apply to any business, and reading about them can only serve to sharpen your thinking about how to make your own company sellable, no matter what type of business you are in.

John is certainly the right person to turn to for advice on this subject. Few people know the world of small business better than he does. I first heard about him in connection with a conference that his business, Warrillow & Co., organized every year to help Fortune 500 marketers figure out how to sell to small companies. The conference had acquired a reputation as the premier event for learning what smaller businesses wanted and how best to reach them. In addition to the conferences, Warrillow & Co. produced in-depth research papers on small business, based

on annual surveys of some 10,000 business owners. A hundred giant corporations paid the firm substantial fees for access to those papers, as well as for the insights John and his associates had developed along the way. John himself hosted a nationally syndicated radio show on entrepreneurship. That's actually how he came to start his business: Big companies began approaching him for advice on reaching the small business market. He went on to sell Warrillow & Co. in 2008, which he couldn't have done without building a company that could continue to thrive without him.

And that's why this book is so good. John Warrillow has studied entrepreneurs; he's interviewed hundreds of them on the radio; he's built his own company around the small business market; and he's sold that business to someone else. If you want to find out what it really takes to build a sellable business, it's always best to listen first to someone who has done it himself. John Warrillow is your man.

Bo Burlingham  
Editor-at-large, *Inc.* magazine and author of  
*Small Giants: Companies That Choose to Be Great Instead of Big*



# Preface

This book is about how to create a sellable business. It's the story of an imaginary business owner named Alex Stapleton who wants to sell his service business but discovers that nobody wants to buy it because he is the business. Alex's problem is that he has the most experience in his field so he does most of the selling for his company. Not surprisingly, Alex's clients all want him to personally oversee their projects.

Stretched thin and running from one fire to the next, Alex reaches a plateau and finds it impossible to get to the next level with his business. When he decides to sell, Alex meets with his old friend and successful entrepreneur, Ted Gordon. The story unfolds as Ted teaches Alex how to turn his business into a sellable company.

While the story is fictional, Alex's experiences are very real for many business owners. There are approximately 23 million businesses in the United States and only a few hundred thousand are able to sell their company each year. That means for every small business owner who creates a business that someone will buy, there are about 100 businesses that do not sell. This book provides a framework and action plan for ensuring that you are the one in a hundred who has a sellable company.

This story is not an autobiography. Alex and Ted are an amalgam of the 15 years I have spent covering the small business market. My first exposure to the life of a business owner was as a floundering recent college grad when my parents took me to an awards show celebrating a group of successful entrepreneurs. I listened to their amazing life stories and decided to create a radio program to tell those stories. The radio feature was called “Today’s Entrepreneur” and I interviewed a different entrepreneur every weekday for three years. I then spent 12 years building a research company designed to help enterprise companies target small businesses. We interviewed and surveyed more than 10,000 business owners each year in an effort to delve deep inside their heads. I’ve also woven in some of my own experiences, having started and exited four companies. I was lucky enough to have had a handful of mentors who collectively make up the sage wisdom embodied by the character of Ted Gordon.

There are many reasons for wanting to build a sellable business:

- your company may be your best shot at a comfortable retirement;
- you may want to start another business;
- you may need cash to deal with a divorce;
- you may want more time for yourself or financial freedom; or
- you may want to sleep better at night knowing that you *could* sell your business.

Whatever is motivating you to create a business that could be sold, I hope you find the story of Alex and Ted inspiring and helpful.

John Warrillow