

Hey Business Owner – Your Financials Can Tell a Compelling Story and Uncover Startling Revelations

Storytelling is one of the most powerful forms of communication. It allows the audience to understand the context and relate to the information with which they are being presented. As investment bankers, we wear many hats. One of the important roles that we play is helping our clients create and communicate an effective story from their financial information. This is essential because, without proper context, readers of your financial information will create their own story. Therefore, you need to control the narrative so the audience does not make incorrect assumptions and draw the wrong conclusions.

When we engage with prospective clients, one of the first things we do is collect their financial data. As we begin to review the data, we keep an eye on the compelling story that needs to be told. While diving deeper into the financials, we start crafting the "story behind the numbers." We are also able to reveal the questions or objections buyers will likely pose, so we (our client and SEA) are prepared to respond. Our review also gives more profound insights into the business's operations and health, which sometimes can uncover things otherwise unaware to the business owner.

Real-life Example

A business owner reached out to us after being approached by a potential buyer of their business. This owner asked if we could represent them in the negotiations and help them prepare a response to an information request list provided by the suitor. One of our first steps was to collect the necessary financial information and begin our deep-dive analysis. Again, this helps us understand the story being told by the financials. While going through our review, we became a bit stymied. The numbers didn't match the story the owner was telling us, and the owner didn't have clear answers to our questions. As we worked with the owner to probe deeper, we discovered that the company's controller was in way above her head. She had been following an accounting process that had been put in place decades ago which was no longer relevant to the current business. It created wild





fluctuations in the way margins were presented, causing the company's leaders to make decisions based upon wrong information.

We recommended bringing in outside accountants to help with a few items. First, the books and records needed to be cleaned up. Second, the accounting processes required a review and update to ensure that the financials were clean and accurate going forward. The business owner took our recommendation. As a result, not only did this process accomplish these two primary goals, but it also opened a Pandora's box of other issues. The outside accountants confirmed that the controller did not understand why she was doing things the way she was. More importantly, they also revealed that the controller had been stealing from the company for years.

The controller was immediately terminated, and competent financial professionals were put in place at the company. Following an extensive clean-up and numerous one-time write-offs, the company is now generating accurate, defensible financial information. Management is now making solid operational decisions based upon reliable data, with the company being on track to have its strongest year ever.

The moral of the story? Make sure you understand the story that your numbers tell – you never know what you might learn.

Need help crafting your story? One that will be compelling to buyers of your business. Or do you want to know if your financial information is even in a condition to tell a story? We can help. The first step to your ultimate exit is just a phone call away! Let's [schedule that call](#). It will be worth your time.

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