



Why are “people” such an important Value Driver?

A business' employees can make or break the business. And Key Employees are necessary to make the business a success.

First, what is a “successful” business? It is first and foremost a business that allows the business owner to make money without being there every day. It does not depend solely on one person. A business that depends solely on one person is nothing more than a day-to-day job – it might be a great day-to-day job, but it is just that. In that type of business, if the owner leaves, even for a short time, the business dies. Again, it might be a really great job, with lots of flexibility and no headaches that can come with employees, but it is not something that is likely to make the owner any money unless they continue to work it day after day after day.

Further, a business that relies solely on one person will likely not be able to attract the kind of jobs that a larger business can attract – the customers may feel that they have too much risk when they rely on just one person.

The owner should be able to take time off, to go away on vacation (**for a month or more**) without worrying. The business should go on and do well if the owner does take that vacation, or even just gets sick.

Nobody wants to feel that they are easily replaced. However, if the owner is the “be all and end all” of the business then that owner should be saving money every day because in the end the business will not be able to generate continued income for the owner.

Now, back to the employees ... employees in any business are necessary to operations – to getting the work done. And Key Employees are even more necessary if the business is to be a success. Once again, if there are employees but the business owner is the only person who can handle the big decisions, who can bring in customers, who can do more than the mundane work, then the business is not as valuable to that owner in the long run.

Key Employees take on part of the management of the company. Key Employees ensure the company works smoothly every day, and plan ahead with the owner for the future. They should have “owner mentality” even if they are not an owner. They should be able to help the owner plan, strategize and move the business forward. They allow the owner to take time off, and can make the business more valuable in so many ways. (Dated: January 2010)

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