

Appendix 1: The value key challenge – what might an investor look for?

The Value Key is an indicator of where management might most effectively apply their energy and resources, but it is also a lens through which to consider the business from the perspective of a prospective investor or buyer...

Value Key Element	Organizing Value to Appeal to an Investor	Investor View
Vision, Direction and Communication	Action: Ensure that there is a clear strategy and goal in the mind of the staff. Encourage the teams to consider the 'values' of the business in terms of day-to-day execution.	High levels of staff work satisfaction are linked to clear and achievable strategies and goals. Encourage the physical manifestation of the firm's values and ethos through iconography, staff 'owned' initiatives, high internal and client satisfaction scores, and evidence that the team understand 'the plan' and supports it. All of which indicates to an investor an engaged, dedicated workforce.
Operational Effectiveness and Technical Excellence	Action: Establish an Operations Manual that documents critical business processes, financial controls, employment policies, complaint procedures, and client take-on procedures - map every critical process in the business and assign responsibility in the business for the maintenance of each.	The record of process and policy produces clarity and efficiency in running the business and (if relevant) can also facilitate the 'discovery' process for the investor. With someone attached to each key process, the investor will have the comfort that they won't be left stranded if there's a breakdown in a system.
Growth & Business Development	Action: Put in place a 3-to-5-year strategic marketing plan detailing the future trajectory of business growth. Set out niche and specialist developments - both existing and future ideas and potential investments. This should help you focus on investment and development to maximize future potential and performance. (Refer to AGN 6 Star Business Development Model at My AGN / AGN Solutions (or My Resources) / Business Strategy & Growth.	Indicates to an investor how you are aligning the business for future growth and expansion. This speaks to the idea that you are effectively selling the future of the business, not its past.
Best Clients	Action: Put in place an annual approach to Key Account Management, ensuring that you genuinely achieve whole-business commitment to the longevity and maximizing value of each key client relationship you identify. Share-of-wallet and likely cost recovery can be increased, and potential change points and succession issues can be identified and planned for. <u>[See AGN Guide to Key Account Management].</u>	Generally considered to be a significantly more effective performance driver than new client acquisition, "sticky" well-managed key clients will contribute directly to investors' perception of value.

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Innovation & Technology	<p>Action: Create a 3-to-5-year strategic technology plan to be woven into your annual financial and operational budgets. Document where you are on the path to digital transformation, map out software upgrade paths and digitization of processes, and the impact of service offerings. Ensure you have a talented and knowledgeable 'Tech Champion' among your senior team who is responsible for running the project into the future (after you have left the business).</p>	<p>Incoming investors might have their own ideas and plans in this area, but understanding that the business has a coherent existing approach will contribute to value.</p>
Talent Leadership	<p>Action: Create a 3-to-5-year strategic talent plan - what are the resources and skills you'll need for the future, and how do you plan to ensure their availability? A key part of this must be succession planning, not only in terms of equity ownership but also for the other key leadership positions and commercial drivers in the business (See AGN Succession Strength Guide).</p> <p>Consider modelling your talent pool, for example, using the 9-box model, considering potential and performance alongside longevity. What are your plans for succession in the business? To achieve value, it is necessary to focus on individuals with the underlying talent and aptitude, as well as the development of commercial and softer skills needed to run a business for profit.</p>	<p>An effective plan will help assure business resilience and longevity, and provide a clear path to retain and develop in-house talent, all of which will contribute to internal and external judgements of value.</p>