

LESSONS LEARNED | BY GERSON ROSENBLIOM

What's Your Biz Worth?

As 2009 wound down, a stream of sad articles occupied the pages of the trade press, telling tales of longtime music retailers going out of business. One such story even contained news of the dealership's owner taking his own life — an event that may or may not have been related to his company's demise.

As with the end of our time here on earth, the end of our business lives give us reason to reflect on the value and meaning of both our personal and professional existence.

For me, it's easy enough to relate to the stress of closing a music retail business. I was a second-generation owner. I was charged as the caretaker of a respected family business started by my parents and the head of a company assumed to provide a living for subsequent generations.

When it became clear that continuing to operate the 54-year-old business was senseless, my ego took a major blow. It meant that my vision for the future was proven irrelevant. And it led me to ask, "Is that all there is?" when, at the end, there was little value left in the business other than the inventory on hand.

IT'S NOT JUST ABOUT THE FINAL PAYOUT

Such a weighty question about your business is enough to shake a person's foundation. It would've been nice if there was a big payoff at the end of my business' life cycle, but the final payout is not the only measure of a business' success.

Whether you're planning to sell or retire, or if you're simply gauging your ongoing performance, the following measures of a company's value are worth serious consideration.

Think of the salaries you've paid through the years. Consider the personal benefit to you, your family and your employees. Then,

follow that forward and think of the goods and services paid for because of the money made available by the salaries you paid.

Consider the fringe benefits enjoyed by you, your family and your employees. Figure out their value through the years. Have you saved a family from financial ruin because you provided an employee with health insurance?

How much have you paid in professional fees through the years? While they're an expense, they've also benefited people — your lawyer, your accountant, and their employees and families.

Consider the manufacturers that earned revenues based on your purchases and their reps who earned livings because of the orders written in your dealership. This is another example that provides secondary value, as those people then spent your money elsewhere.

Recall the careers launched due to your business. How many former employees have become successful due to your expert tutelage?

Think of the lives you've made richer because they were touched by you and your business. You've made family life more meaningful with the addition of music. You've planted the seeds for a lifetime of happiness in a musical hobby.

Do you know of stars that were born because someone in your store touched them or because an instrument purchased in your store inspired them? And how many people have those artists affected? How many other artists have they influenced?

In the end, your business is worth more than the numbers on a financial statement. It's wonderful if your life's toils bring you wealth or security. But the balance on the Ultimate Ledger is what really counts. **MI**

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