

# WHAT IS A BEST-IN-CLASS COMPANY?

## BEST-IN-CLASS COMPANY DEFINED

A Best-In-Class Company is recognized in their industry as being superior in their ability to deliver their products and services with a higher price-to-value ratio than their competition and maintain a highly favorable relationship with their customers. They typically are better managed, more efficiently run and more profitable than their competitors. They outperform their competitors in a broad range of performance metrics that include customer satisfaction, operational efficiency, quality and financial performance. Having a best-in-class company is a continuous process, not a one-time goal.

## INDICATIONS OF A BEST-IN-CLASS COMPANY

There are a number of indicators that a company is Best-In-Class:

1. The BIC company has a clear definition of its vision and mission.
2. The BIC company has a defined culture with employees who embrace and live by these values.
3. The BIC company understands that its eventual success is inextricably linked to the success of their employees and takes good care of their people. The BIC company understands that if they take good care of their employees, their employees will take good care of their customers.
4. The BIC company is committed to employee training and leadership development.
5. The BIC company views their performance and success through their customers' eyes.
6. The BIC company has a clear understanding of the markets and customers that it serves.
7. The BIC company provides customer service that is unmatched in its depth and breadth of service, coupled with thoughtful attentiveness to the unique needs of each customer.
8. The BIC company has a management operating system that defines how the company operates and measures how the company is performing against both strategic and tactical goals and objectives.
9. The BIC company has invested in leading technology that makes the company more efficient and more responsive to the needs of its customers and that enables the company to continually attract new customers.
10. The BIC company has developed and maintains up-to-date policies and procedures that are used to operate the business.
11. The BIC company sees quality as strategic and competitive and trains employees and suppliers in comprehensive quality training.

## BEST-IN-CLASS COMPANY PRODUCTS AND SERVICES

Within every company, there may be a broad range of products and services offered in their markets. Each of these products or services may also be measured as Best-In-Class. Best-in-class products are considered superior to other competitors within the same category or segment. A product or service offers the highest level of quality and/or utility in comparison to its peers. Nonetheless, a best-in-class product is not necessarily the one with the highest quality in the market as a whole, since this classification is normally given depending on the segment that is being served. The best in class in a low-price category might not be a high-quality product, instead, it is one that provides the highest price-to-value ratio for consumers.

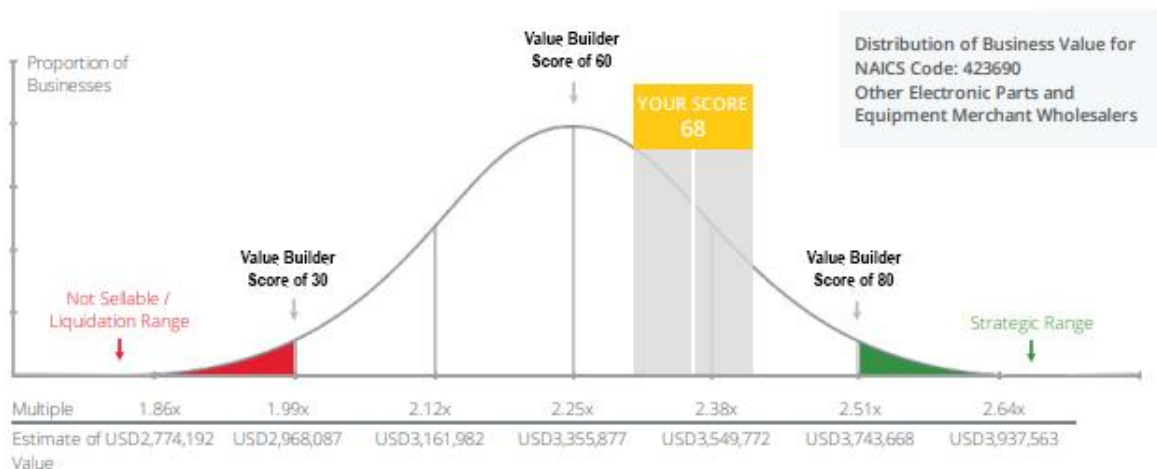
## RESULTS OF HAVING A BEST-IN-CLASS COMPANY

The results of creating a best-in-class company are far reaching:

1. The BIC company operates in a way that is superior to its competition.
2. The BIC company's employees understand where they fit in achieving the company's goals and objectives.
3. The BIC company's employees are loyal to the company and employee turnover is at a minimum.
4. The BIC company's customers see a clear competitive advantage offered by the BIC company.
5. The BIC company's customers are highly loyal and provide testimonials and referrals on behalf of the BIC company.
6. The BIC company runs more efficiently than its competition and makes a higher level of profit than its competition.

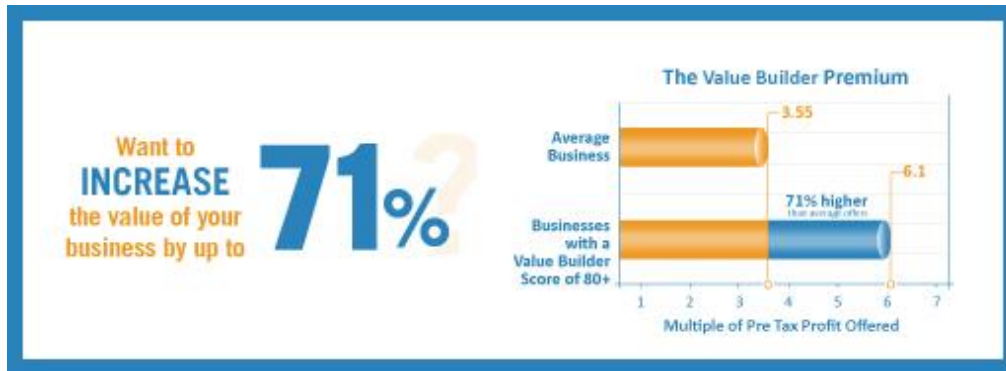
## WHY BEING A BEST-IN-CLASS COMPANY IS IMPORTANT FOR A COMPANY OWNER PLANNING FOR THEIR EXIT

For a BIC company owner looking to sell, their company is the ideal candidate for potential buyers and will likely sell, while other companies in their industry may not be able to sell at all, or sell at much lower multiples. Each company looking to sell trades in a multiple determined by their industry as show below.



Those companies that are considered best-in-class trade at the highest possible multiple in their industry's range of value.

Based on research with almost 8,000 small privately held businesses that sold and had completed a ValueBuilder Score™ with The ValueBuilder System™, the difference between an average company across all industries and a best-in-class company showed a higher valuation multiple of 71%.



For a BIC company owner looking to sell, the business value that will be paid by the eventual buyer will be the maximum value available for the industry in which they operate and the deal structure will be more favorable for the seller.

For a BIC company owner looking to transition their company to family members and/or employees, their company is best positioned for a successful transfer and maintains the legacy created by the current owner(s).