



HOW TO GROW YOUR BUSINESS:

Raising Your EBITDA

A STEP-BY-STEP GUIDE

*With simple calculations, you will be shocked with how fast your
company value raises.*

Publication by

KINSMEN CAPITAL GROUP, LLC

HI THERE!



Thank You

Thank you for trusting us to assist you in adjusting your sails to ascendancy. This workbook aims for owners, founders, and managers to gain industry knowledge and know-how on raising the value of your organization and keeping legacies intact. From a no-nonsense approach, our publications share tips and strategies to implement directly into your operations, no cash or card needed. You're very welcome. Grab a pen paper or your choice for note taking and enjoy.

About Us

Kinsmen Capital Group, LLC is an alternative M&A firm of Central Florida operating services in M&A, Lending and Growth Consulting to service-based businesses.

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INTRODUCTION

WELCOME TO YOUR JOURNEY WITH “HOW TO GROW YOUR BUSINESS: RAISING YOUR EBITDA A STEP-BY-STEP GUIDE”. THIS WORKBOOK IS CRAFTED WITH YOU IN MIND - THE DEDICATED BUSINESS OWNERS, INNOVATIVE FOUNDERS, AND STRATEGIC MANAGERS WHO ARE COMMITTED TO ENHANCING THE VALUE OF YOUR ORGANIZATIONS AND RETAINING YOUR LEGACIES.

In the dynamic landscape of business, staying ahead is not just an advantage, it's a necessity. This workbook offers a straightforward, fiduciary approach to help you navigate the intricacies of improving your EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), a vital measure of your company's financial performance.

This workbook is your companion, providing you with industry insights and practical strategies that you can seamlessly integrate into your business operations. Each section is thoughtfully designed to offer you actionable insights and exercises, enabling you to understand and apply the concepts in a real-world setting.

Remember, elevating your EBITDA is not a sprint, it's a marathon. It demands patience, tenacity, and a comprehensive understanding of your business's financial health. But with this workbook as your guide, you're already on the path to achieving your objectives.

Let's embark on this journey together.

SECTION 1

UNDERSTANDING EBITDA: THIS SECTION IS A COMPREHENSIVE OVERVIEW OF EBITDA, ITS IMPORTANCE, AND HOW IT'S CALCULATED. IT SERVES AS A FOUNDATION FOR UNDERSTANDING THE FINANCIAL PERFORMANCE OF YOUR BUSINESS.

Understanding EBITDA

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. It's a measure of a company's operating performance. Essentially, it's a way to evaluate a company's performance without having to factor in financing decisions, accounting decisions, or tax environments.

I should Care Because?

EBITDA allows for a comparison of profitability between different companies and industries, disregarding the effects of financing and accounting decisions. This makes it a good measure of the overall profitability of a company.

Using the formula given, calculate the EBITDA for your company. You'll need to know your company's net income, interest, taxes, depreciation, and amortization. Now, Calculate the EBITDA margin for your company EBITDA margin is a measure of a company's operating profitability as a percentage of its total revenue. It's calculated as EBITDA divided by total revenue. Finally, Compare your company's EBITDA with that of other companies in your industry. This can give you a sense of where you stand. In the following sections, we'll look at strategies to increase your EBITDA and thereby enhance the value of your organization

The formula for EBITDA:

EBITDA=NetIncome+Interest+ Taxes+Depreciation+Amortization

SECTION 1 CONT

UNDERSTANDING THE IMPACT OF EBITDA ON COMPANY VALUATION

EBITDA is not a measurement of value itself it does play a significant role in company valuation. A higher EBITDA can indicate a higher profit margin, which could lead to a higher company valuation. EBITDA allows for comparison of profitability between different companies and industries, disregarding the effects of financing and accounting decisions. This makes it a good measure of the overall profitability of a company, which can impact its valuation. Companies with a consistently high EBITDA may attract more investors, which can increase demand for the company's stock and potentially lead to a higher company valuation. Moreover, EBITDA is also used to evaluate a company's ability to repay debt. Lenders and investors often look at a company's EBITDA to assess whether it can service its debt, which can impact its credit rating and valuation.

SECTION 2

STRATEGIES TO IMPROVE EBITDA THIS SECTION DELVES INTO VARIOUS STRATEGIES THAT CAN HELP IMPROVE EBITDA. IT COVERS AREAS SUCH AS COST REDUCTION, PRICING STRATEGIES, AND OPERATIONAL EFFICIENCY.

Strategies to enhance operations efficiency, increase revenue, and effectively manage cost.

- **Cost Management** Identify areas in your business where costs can be reduced without compromising on the quality of your products or services. This could be through process improvements, negotiating with suppliers, or reducing waste.
- **Revenue Enhancement** Explore strategies to increase your revenue. This could be through expanding your customer base, introducing new products or services, entering new markets, or improving your sales and marketing strategies. Consider the unique aspects of your business and industry when developing your revenue enhancement strategies.
- **Pricing Strategy** Review your pricing strategy. Are your products or services priced appropriately to maximize revenue without deterring customers?
- **Customer Retention** Develop strategies to improve customer retention. Remember, it's often more cost-effective to retain existing customers than to acquire new ones.
- **Operational Efficiency** Identify areas in your operations where efficiency can be improved. This could be through streamlining processes, investing in technology, or improving employee training.

CASE STUDY

NATIONAL SPORTING GOODS RETAILER

This brief case study is on a National Sporting Goods Retailer that was significantly underperforming versus price-earnings expectations. The company was tracking an EBITDA goal of 3%, while the industry average was 20%. They were struggling to identify the root cause and needed alignment, visibility, and actionable data. As you will see Culture was the #1 factor.

The company identified four key themes that were preventing greater EBITDA:

- 1.Culture: Their culture was very traditional with limited performance orientation.
- 2.People: The staff was well-intentioned but lacked management depth and talent.
- 3.Performance: The company was not organized to be competitive online.
- 4.Financial: Operational inefficiencies due to a lack of ecommerce and business transformation held back profit margins and EBITDA.

- 1.EBITDA improvement jumped from 3 to 10% in the first year.
- 2.Order and shipping times were reduced by 40%.
- 3.Online sales increased by 8%.
- 4.This case study demonstrates how understanding and improving EBITDA can lead to significant enhancements in business performance.

Source: "EBITDA Improvement of 7% in One Year - LEADERSCAPE® Case Study" by LEADERSCAPE®

CONCLUSION

THIS IS THE BEGINNING OF SOMETHING GOOD.

Remember, effective risk management is about being proactive, not reactive. By identifying and managing risks early, you can ensure that your journey to improving your EBITDA is a smooth one. And that's it, congratulations on completing this workbook. You've taken an actionable step towards understanding and improving the financial health of your business. Improving EBITDA is a continuous process that requires regular monitoring and adjustments. Stay proactive, be open to learning, and don't hesitate to reach out if you need more help. Thank you for embarking on this journey.



Do You Need More Help?

Together, let's increase your bottom line. Visit [kinsmen-capital.com](https://www.kinsmen-capital.com) to see how.

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