



How Public Relations Helps

MAXIMIZE YOUR EXIT PRICE

By **Jeremy Knauff**

You've endured the stressful days and long nights of entrepreneurship, sacrificed to turn your business into a force to be reckoned with, and invested incalculable time and effort into building the relationships needed to make it all happen, and now you're getting ready to exit so you can enjoy the fruits of your labor.

So how do you maximize the exit price of your business?

Well, there are a lot of strategies that can help, including maximizing revenue, minimizing debt, and creating unique advantages over competitors, but

there is another strategy that's rarely discussed and even more rarely implemented, yet it often creates a dramatically oversized return on investment.

That strategy is leveraging public relations to position your business as uniquely competitive and valuable compared to other businesses in your industry to maximize your exit price, as well as creating several additional benefits for you. I'm going to break down three key ways that public relations can benefit you as a business owner, particularly as you prepare for an exit.

EXIT

Helps to speed up the sales cycle

Even if this is your first exit, you probably have at least an idea how slow and difficult the sales cycle can be when exiting a business.

Every buyer is fighting for the lowest price they can negotiate, and anything you say to rebut their attempts will be met with skepticism because you're trying to convince them of something that directly benefits you rather than them. On the other hand, when you have trusted third parties supporting your position, it's a lot harder for buyers to rebut. Effective public relations does that for you.

When you and your company are featured in the media in a positive manner, it elevates your status and validates your claims. That status is a huge asset for you because it changes the power dynamic of the relationship, giving you more leverage in negotiations. (If you want to learn more about the power dynamic of relationships in acquisitions, I also highly recommend Oren Klaff's *Pitch Anything*, which approaches this topic from a sales perspective.)

This publicity obviously creates exposure for you, but its real power comes from a concept called social proof. Basically, because people already trust a particular media outlet, when someone is featured in that outlet, they tend to be perceived as more trustworthy and authoritative because it's assumed they've been vetted by that outlet.

But it's not an ego thing—that authority status helps you to close deals more quickly because you're starting from a position of trust and don't need to jump through as many hoops to “prove” yourself to a potential buyer. This streamlines the process and lets you focus on negotiating the deal instead of participating in the typical dog and pony show.



Let's you charge a higher price

You've undoubtedly seen or at least heard of very similar businesses, producing similar levels of revenue, but selling for very different prices. This comes down to several factors, including negotiating skills, urgency, and cash reserves, but the most significant factor is perceived value.

Look at it from the other side of the table for a minute—if you were deciding between buying one of two businesses where the numbers in each were nearly identical, and no one had ever heard of or was talking about one, while the other one was constantly featured in the media for the work it was doing and the expertise of its founders, which one do you think you'd be more interested in acquiring?

Obviously the latter, because it has a powerful advantage over competitors, making it a better investment, right?

When you and your business are regularly featured in the media, you of course get that authority status we talked about earlier, but you also get a chance to further demonstrate your expertise. This gives potential buyers a lot of insight into how you run the business, which helps to reduce their risk. Remember—risk equals a discounted price, and buyers, whether they realize it or not, are willing to pay a premium to reduce the risk they face.

Here's a real world example—you can buy a lottery ticket for a measly \$2, but the risk is so high that you're almost certain to lose your money, while a Chick-fil-A franchise will cost between \$300,000–\$2,900,000, but the risk is so low that you're almost guaranteed success. This applies to literally every transaction.

The key here is to frame your publicity in such a way that it demonstrates how your business model reduces or eliminates risk, which makes your business objectively more valuable to potential buyers.

Helps you attract new opportunities

People want to align with winners, so when you're perceived as one, it leads both to a greater quantity and quality of opportunities that come your way.

The first way this can benefit you is by attracting bigger potential buyers who are willing to move faster and pay more to acquire your business. Another is by attracting potential joint venture partners, leading to new revenue streams for your business. And one more is by attracting top-tier talent inspired by your mission and principles, which can give your business a competitive advantage. But there are an unlimited number of possibilities here.

The magic here is in leveraging each opportunity into additional opportunities to build an untouchable trajectory that continues to propel you and your business upwards. And the cool part is that the compounding effect is at play here, because each new opportunity can also be leveraged for additional publicity, which then leads to even more opportunities.

When executed properly, an effective PR campaign can create a "machine" that generates an endless and growing source of new opportunities that can help turn your business into an industry-dominating powerhouse that sells for exponentially more than it would have otherwise.

What now?

Now that you understand the power public relations can have in maximizing the exit price of your business, you're probably thinking, "great, but now what? How do I DO it?" Well, the good news is that I'll be writing my next article here soon, breaking down the exact strategies and tactics we use in my PR firm to get our clients featured in the media every day.

About Jeremy Knauff

Jeremy Knauff ran a successful digital marketing agency for nearly two decades until a health crisis nearly killed him and destroyed his business.

He then rebuilt from that devastating loss by developing a process that his agency now uses to help clients get featured in the media so they can become a recognized authority in their industry, attract more clients, and earn more money.

He is a speaker, author, founder of the PR firm, Spartan Media, and a Marine Corps veteran.

