

How Employees Factor into the Success of Your Business

Quality employees are essential for the long-term success and growth of any business. Many entrepreneurs learn this simple fact far too late. Regardless of what kind of business you own, a handful of key employees can either make or break you. Sadly, businesses have been destroyed by employees that don't care, or even worse, are actually working to undermine the business that employs them. In short, the more you evaluate your employees the better off you, and your business will be.



Forbes' article "[Identifying Key Employees When Buying a Business](#)", from Richard Parker does a fine job in encouraging entrepreneurs to think more about how their employees impact their businesses and the importance of factoring in employees when considering the purchase of a business.

As Parker states, "One of the most important components when evaluating a business for sale is investigating its employees." This statement does not only apply to buyers. Of course, with this fact in mind, sellers should take every step possible to build a great team long before a business is placed on the market.

There are many variables to consider when evaluating employees. It is critical, as Parker points out, to determine exactly how much of the work burden the owner of the business is shouldering. If an owner is trying to "do it all, all the time" then buyers must determine who can help shoulder some of the responsibility, as this is key for growth.

In Parker's view, one of the first steps in the buyer's due diligence process is to identify key employees. Parker strongly encourages buyers to determine how the business will fair if these employees were to leave or cross over to a competitor. Accessing if an employee is valuable involves more than simply evaluating an employee's current benefit. Their future value and potential damage they could cause upon leaving are all factors that must be weighed. Wisely, Parker recommends having a test period where you can evaluate employees and the business before entering into a formal agreement.

It is key to never forget that your employees help you build your business. The importance of specific employees to any given business varies widely. But sellers should understand what employees are key and why. Additionally, sellers should be able to articulate how key employees can be replaced and even have a plan for doing so. Since, savvy buyers will understand the importance of key employees and evaluate them, it is essential that sellers are

prepared to have their employees placed under the microscope along with the rest of their business.

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