



## **Valuing Your Business**

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Customer lists are one of the most important assets of any business. The potential for ongoing revenues from your existing customers is one factor that influences the value of your business at the time of sale or merger. But more importantly, your customer list is the key to your ongoing business success.

So how do you value that customer list? And what are you doing to protect that valuable asset?

How do you value those other customers in your database? Do you have their e-mail addresses? If so, do they want to stay in touch with you or do they represent a single purchase with no repeat business? A flag that says “Yes I want to know about upcoming events and specials” indicates that you have a tighter relationship with that customer than with those who don’t want to be contacted. So this could be another factor that contributes to an increased value for your customer list.

How much do you know about your customers and where does that information reside? If you have a paper-based system that includes records in a filing cabinet, your data is less valuable than the same information stored in a Customer Relationship Management application or Contact Management tool. These systems are designed for managing all customer interactions and can help you measure the success or failure of different marketing campaigns and sales promotions. Having a centralized electronic database also ensures that your customer list remains with your organization and that it is not being stored on business cards carried in the pocket of your best salesperson.

To wineries that offer a wine club membership, those customers represent an annuity over some period of time. You probably know the life cycle of a typical customer membership and can predict pretty accurately what revenues will come from each customer. The fact that you are able to identify a formula means that a potential buyer would also be able to assign a value to those assets. If you don’t have that information on your memberships, you might want to begin analyzing individual customer and member trends so that you can quickly spot any fluctuations that occur in your membership numbers or customer buying patterns.