



Key Lesson:

# THE 1% RULE

*Investing Smartly in the Growth of Your Business*

## What is the 1% Rule and why should I, a Business Owner, care about it?

The 1% Rule is an incredibly **simple budgeting strategy** that diligent owners use when investing in the growth of their business.

It goes as follows: 1% of a business's **Enterprise Value** should be spent in closing the **Value Gap** between Enterprise Value and **Potential Value**.

Now, why should you care? Because it's not easy knowing how much to invest in services that grow your business's value. But, just as you would spend a percentage of a liquid asset to have someone manage it, you should similarly spend a percentage on your most valuable asset to grow, manage and protect it.

## What were those three things? Enterprise Value, Value Gap, Potential Value...

**Enterprise Value** is how much your business is worth after an assessment along its 18 Value Drivers.

**Potential Value** is the price your business could be worth if it satisfied all 18 Value Drivers. **Value Gap** is simply the difference between the two.

## And how do we figure these things out?

The **Discover Assessment** is a ValuCompass analytics tool that, in fifteen minutes, assesses your business along its 18 Drivers and quantifies these three important things.

Once you understand the Enterprise Value, Potential Value and Value Gap, you can begin the process of closing the gap with the 1% Rule.

*"If you think of the business as an asset like you do your liquid assets, the idea is to make sure you have a budget so you can protect it, you can grow it, you can use it for professional services. If I'm willing to spend 1% for a professional to help me grow, manage, and protect my liquid assets, which tend to be significantly smaller than my most important asset, why wouldn't I do it for my business?"*



Chuck Richards  
CEO, ValuCompass

“If I'm willing to spend 1% for a professional to help me grow, manage, and protect my liquid assets...why wouldn't I do it for my business?”

Interested in learning more?  
Let's chat!

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