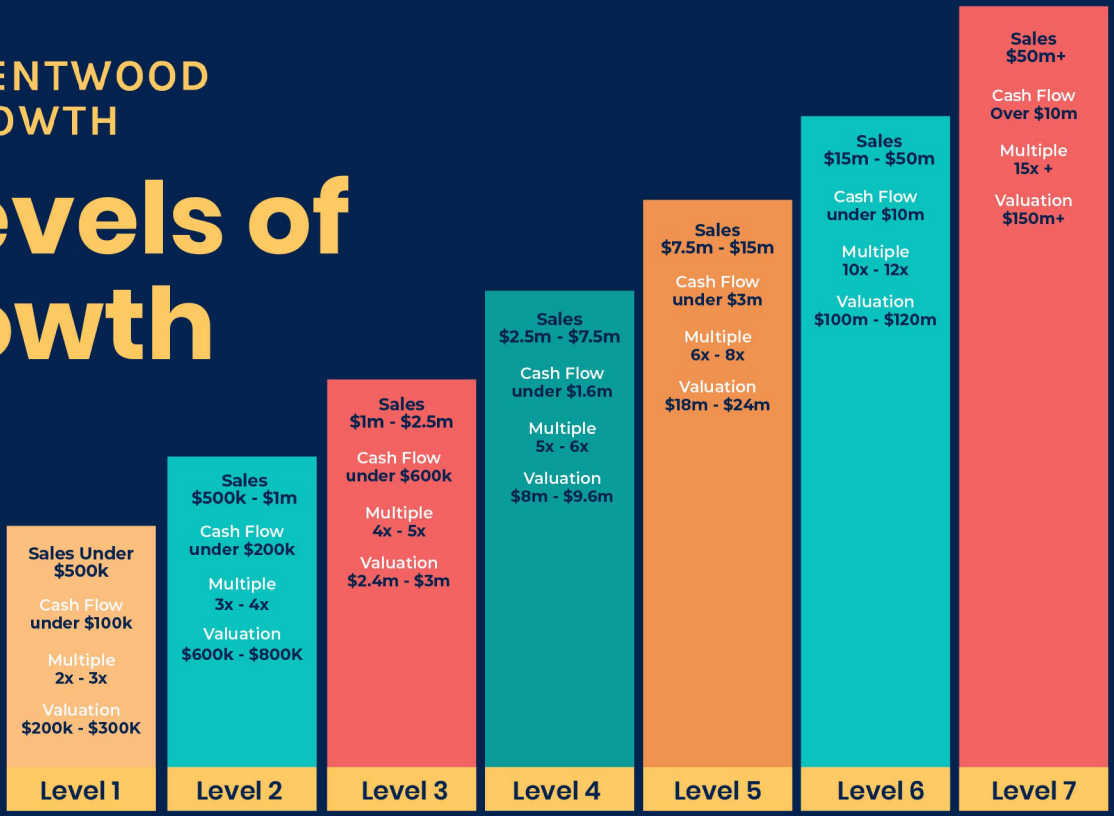
BRENTWOOD GROWTH

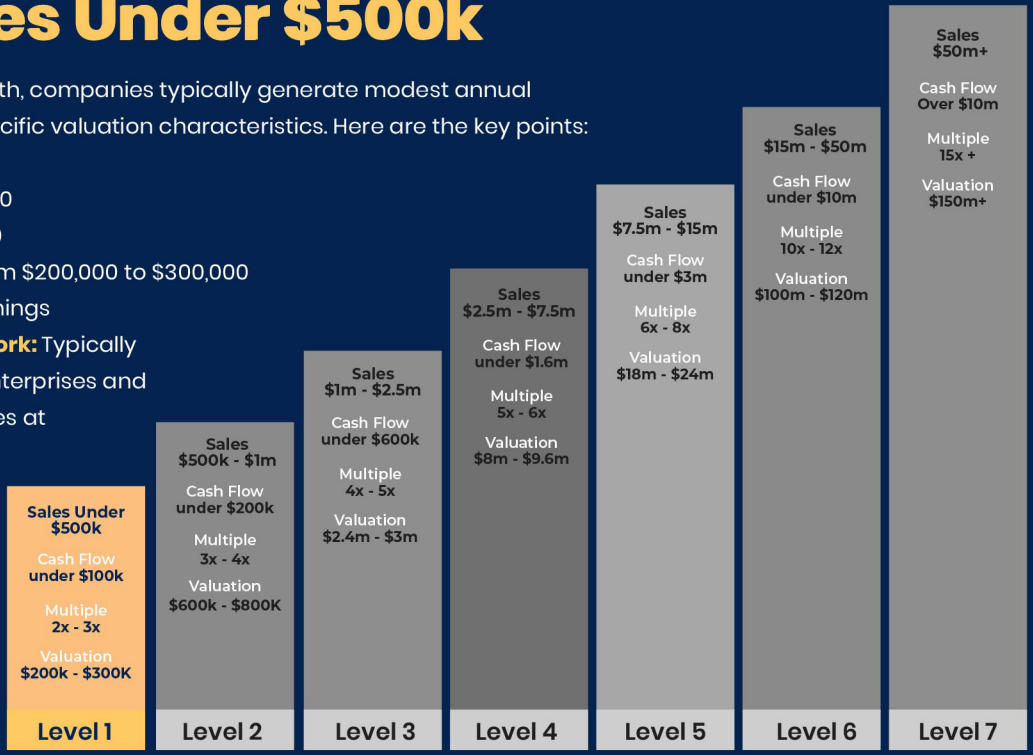
7 Levels of Growth



Level 1 – Sales Under $500k

At the initial level of business growth, companies typically generate modest annual sales and cash flow, and have specific valuation characteristics. Here are the key points:

- **Annual Sales:** Less than $500,000
- **Cash Flow:** Often under $100,000
- **Business Valuation:** Ranges from $200,000 to $300,000
- **Valuation Multiple:** 2x to 3x earnings
- **Brentwood Growth Buyer Network:** Typically focuses on more established enterprises and does not engage with businesses at this level



BRENTWOOD GROWTH

Level 1 - Company Infrastructure

At this foundational stage, businesses have specific characteristics related to staffing, operations, and owner involvement. Here are the key points:

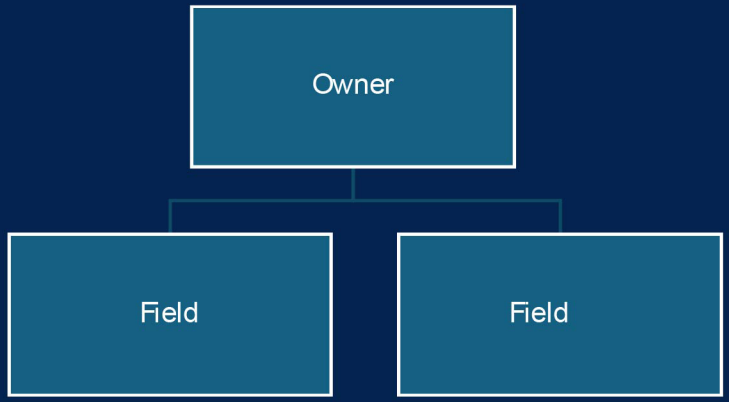
- **Employees:** Fewer than two
- **Owner Involvement:** 100% of their time spent in daily operations
- **Focus Areas:** Marketing, operations, and sales
- **Process Documentation:** Informal, with no documented processes
- **Owner Income:** Ranges from $50,000 to $100,000
- **Business Nature:** Functions like a job for the owner; entirely owner-dependent
- **Transition Needs:** Expand the team and develop documented processes to support growth

Level 1 – Owner Skill Level And Goal



BRENTWOOD GROWTH

Level 1 – Sales under $500k
Organizational Structure <2 Employees

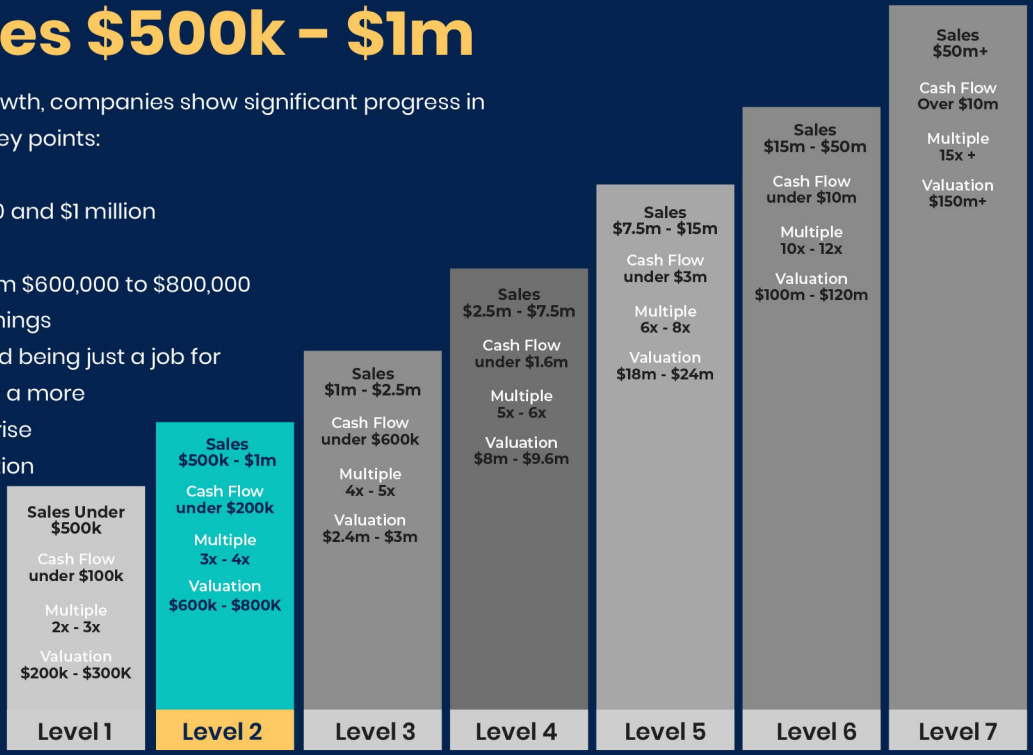


BRENTWOOD GROWTH

Level 2 - Sales $500k - $1m

In the second level of business growth, companies show significant progress in sales and structure. Here are the key points:

- **Annual Sales:** Between $500,000 and $1 million
- **Cash Flow:** Up to $200,000
- **Business Valuation:** Ranges from $600,000 to $800,000
- **Valuation Multiple:** 3x to 4x earnings
- **Business Nature:** Moving beyond being just a job for the owner; showing potential as a more structured and scalable enterprise
- **Buyer Interest:** Attracting attention from buyers, including the Brentwood Growth buyer network, interested in owner-operated businesses



BRENTWOOD GROWTH

Level 2 - Company Infrastructure

At the second level of business growth, companies exhibit progress in sales and team development. Here are the key points:

- **Annual Sales:** Between $500,000 and $1 million
- **Cash Flow:** Under $200,000
- **Employees:** Fewer than four, with a growing team
- **Owner's Focus:**
  - Finance: Margins
  - Marketing
  - Operations
  - People Management: Hiring, training, and retaining employees
- **Growth Strategies:**
  - Geographical expansion
  - Service diversification
  - Increasing market share
- **Processes:** Starting to be established but not yet documented
- **Business Nature:** Still heavily owner-reliant; more of a job than an independent business
- **Owner's Role:** Evolving into an entrepreneur, taking on strategic responsibilities
- **Owner Income:** Typically ranges from $100,000 to $150,000

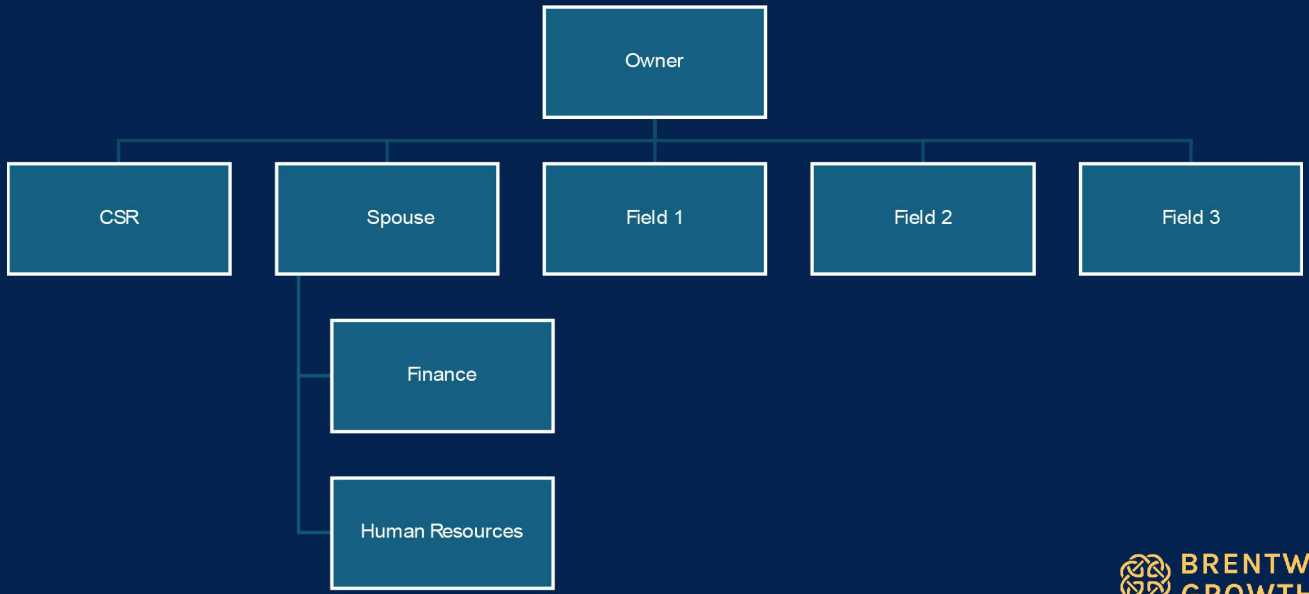
BRENTWOOD GROWTH

Level 2 - Owner Skill Level And Goal



BRENTWOOD GROWTH

Level 2 – Sales to $1m
Organizational Structure < 4 Employees

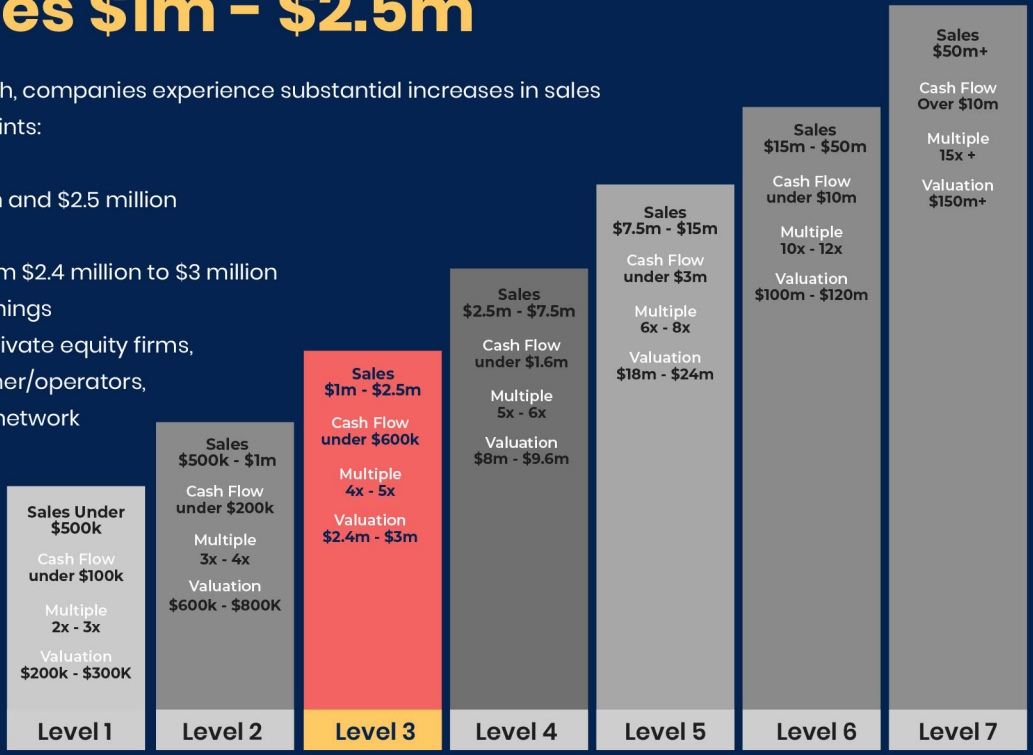


BRENTWOOD GROWTH

Level 3 – Sales $1m – $2.5m

At the third level of business growth, companies experience substantial increases in sales and valuation. Here are the key points:

- **Annual Sales:** Between $1 million and $2.5 million
- **Cash Flow:** Under $600,000
- **Business Valuation:** Ranges from $2.4 million to $3 million
- **Valuation Multiple:** 4x to 5x earnings
- **Buyer Interest:** Attracts small private equity firms, independent sponsors, and owner/operators, including the Brentwood Buyer network



BRENTWOOD GROWTH

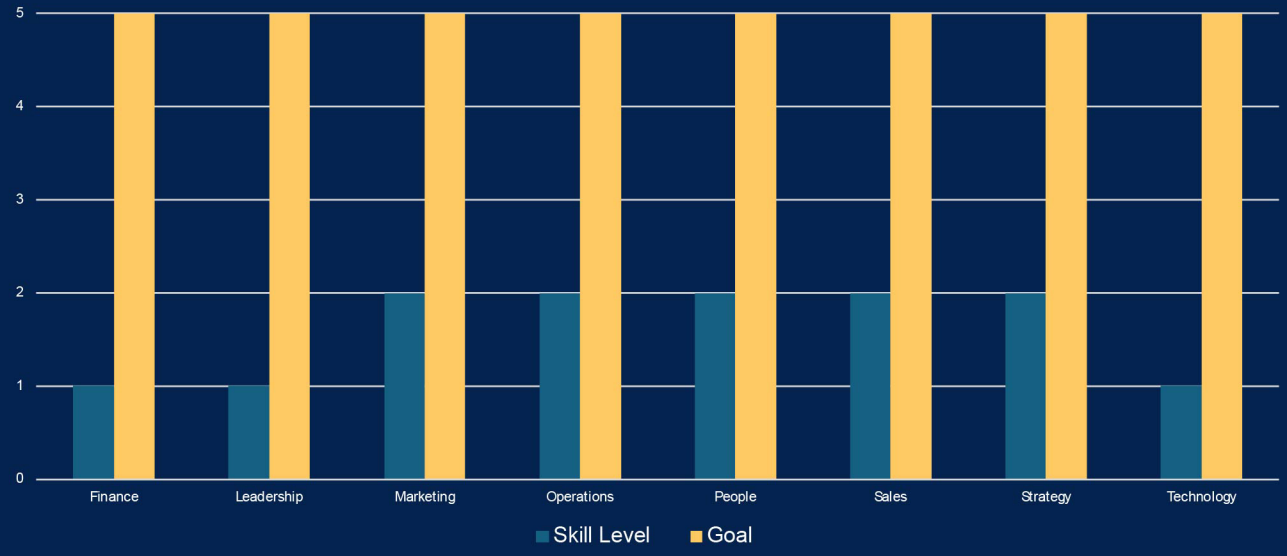
Level 3 - Company Infrastructure

At this level of business growth, companies solidify their team and focus on achieving significant financial milestones. Here are the key points:

- **Employees:** Around 8, with a foundational team in place
- **Financial Targets:**
  - Growth: 20%+
  - Gross Profit: 40%+
  - Net Profit: 20%+
- **Leadership Focus:** Emphasizes performance and accountability
- **Key Areas of Attention:**
  - Marketing
  - Operations
  - People management
- **Metrics:** Establishing KPIs for better reporting
- **Sales Strategy:** Hiring a sales representative to drive sales
- **Growth Strategies:**
  - Geographical expansion
  - Service diversification
- **Owner Role:** Transitioning into a more entrepreneurial role
- **Owner Income:** Ranges from $300,000 to $500,000
- **Business Dependency:** Remains somewhat dependent on the owner

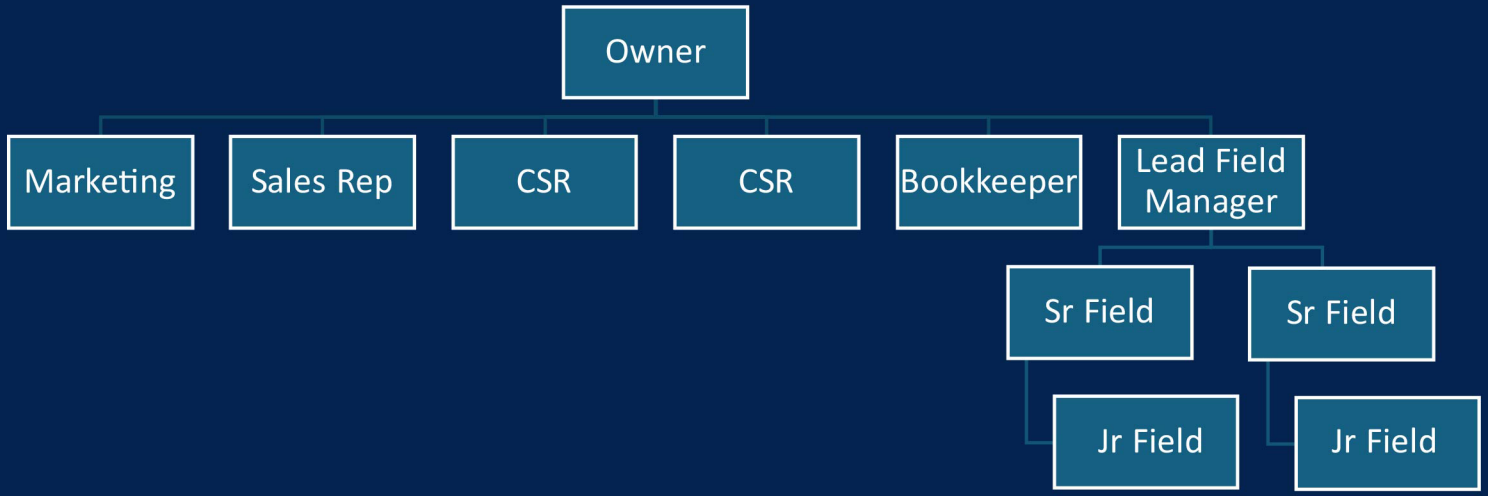
BRENTWOOD GROWTH

Level 3 - Owner Skill Level And Goal



BRENTWOOD GROWTH

Level 3 – Sales to $2.5m
Organizational Structure < 10 Employees



BRENTWOOD GROWTH

Level 4 – Sales $2.5m – $7.5m

At this stage, businesses generate significant sales and demonstrate operational stability. Here are the key points:

- **Annual Sales:** Between $2.5 million and $7.5 million
- **Cash Flow:** Under $1.5 million
- **Valuation:** Ranges from $8 million to $9.6 million
- **Valuation Multiple:** 5x to 6x
- **Business Nature:** More established and less owner-dependent
- **Growth Potential:** Significant, with operational stability
- **Buyer Interest:** Attracts the Brentwood Growth buyer network



BRENTWOOD GROWTH

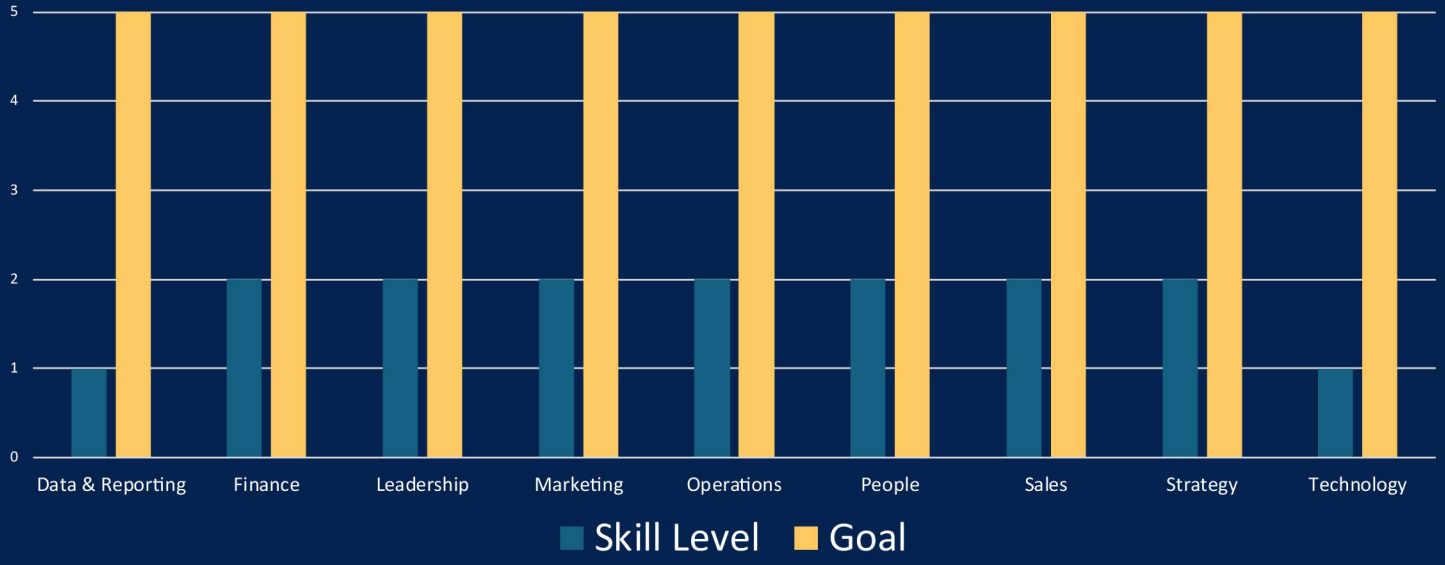
Level 4 - Company Infrastructure

At this stage, businesses have a robust team and focus on achieving substantial financial targets. Here are the key points:

- **Employees:** Fewer than 20, with a strong foundational team
- **Financial Targets:**
  - 20%+ growth
  - 40%+ gross profit
  - 20%+ net profit
- **Leadership Focus:** Emphasizes performance and accountability
- **Key Areas of Attention:**
  - Marketing
  - Operations
  - People management (hiring, training, retaining employees)
- **Reporting Processes:** Established with KPIs and metrics to monitor performance
- **Growth Strategies:** Geographical expansion, service diversification, increasing market share
- **Processes:** Well-documented and established, indicating a mature business
- **Business Dependency:** Less dependent on the owner, showcasing entrepreneurial spirit
- **Owner Income:** Ranges from $500,000 to $1 million

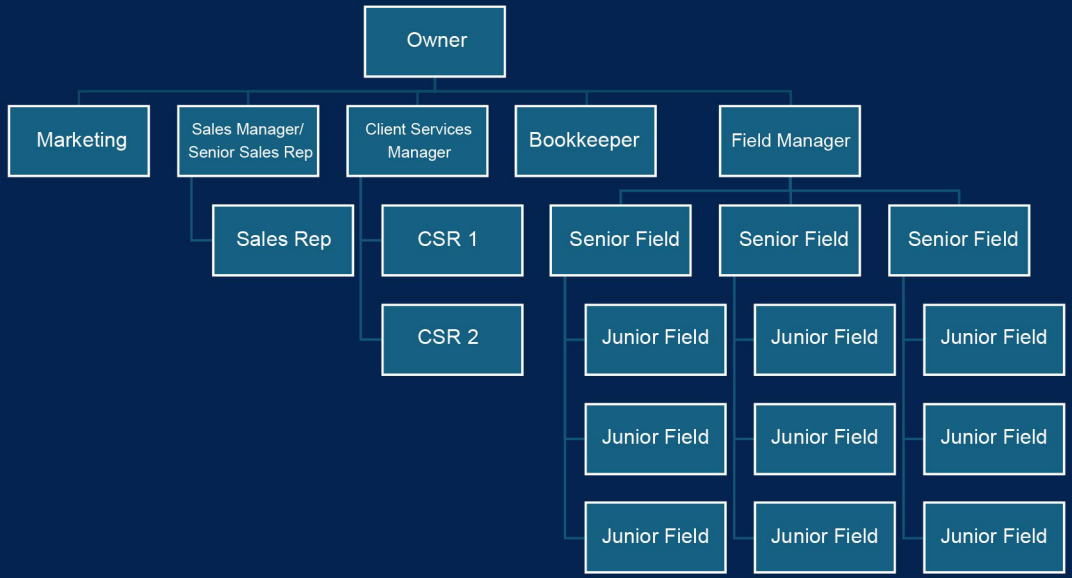
BRENTWOOD GROWTH

Level 4 – Owner Skill Level And Goal



BRENTWOOD GROWTH

Level 4 – Sales to $7.5m
Organizational Structure < 20 Employees



BRENTWOOD GROWTH

Level 5 - Sales $7.5m - $15m

At this advanced stage of business growth, companies achieve significant sales and attract notable buyer interest. Here are the key points:

- **Annual Sales:** Between $5 million and $10 million
- **Cash Flow:** Under $3 million
- **Valuation:** Ranges from $18 million to $24 million
- **Valuation Multiple:** 6x to 8x
- **Buyer Interest:** Attracts the Brentwood Growth buyer network, drawn to substantial revenue and growth potential



BRENTWOOD GROWTH

Level 5 - Company Infrastructure

At this stage, businesses are well-established with a solid team and strategic focus. Here are the key points:

- **Employees:** Fewer than 40
- **Financial Targets:**
  - 20%+ growth
  - 40%+ gross profit
  - 20%+ net profit
- **Leadership Focus:** Performance and accountability
- **Key Areas of Attention:**
  - Marketing
  - Operations
  - People management (hiring, training, retaining employees)
- **Reporting:** Robust processes with KPIs and metrics
- **Growth Strategies:** Geographical expansion, service diversification, increasing market share, acquisitions
- **Role of Technology:** Integral to business operations and growth
- **Business Nature:** Mature and structured with well-documented processes
- **Owner's Role:** Transitioning into a CEO, focusing on strategy, culture, and growth
- **Business Independence:** Self-sustaining, allowing focus on high-level strategic decisions
- **Owner Income:** Exceeds $1 million

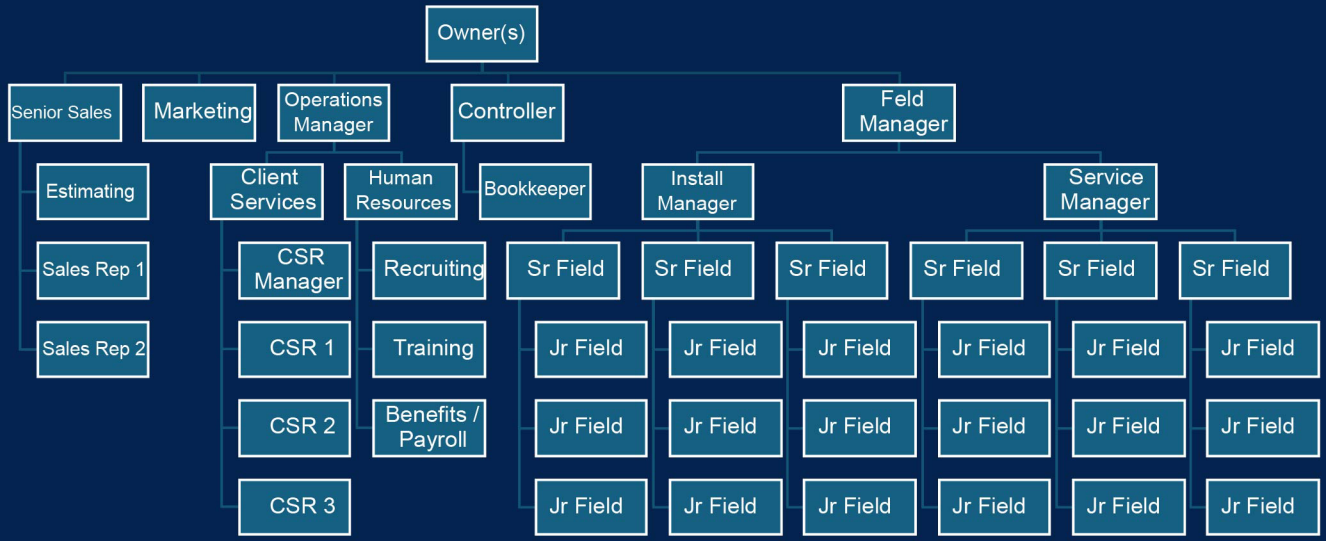
BRENTWOOD GROWTH

Level 5 – Owner Skill Level And Goal



BRENTWOOD GROWTH

Level 5 – Sales to $15m
Organizational Structure < Employees 40



BRENTWOOD GROWTH

Level 6 – Sales – $15m – $50m

At this level of business growth, companies achieve substantial sales and attract significant buyer interest. Here are the key points:

- **Annual Sales:** Between $10 million and $50 million
- **Cash Flow:** Under $10 million
- **Valuation:** Between $100 million and $120 million
- **Valuation Multiple:** 10x to 12x
- **Buyer Interest:** Attracts the Brentwood Growth buyer network and mid-size private equity firms, drawn to significant revenue and high growth potential



BRENTWOOD GROWTH

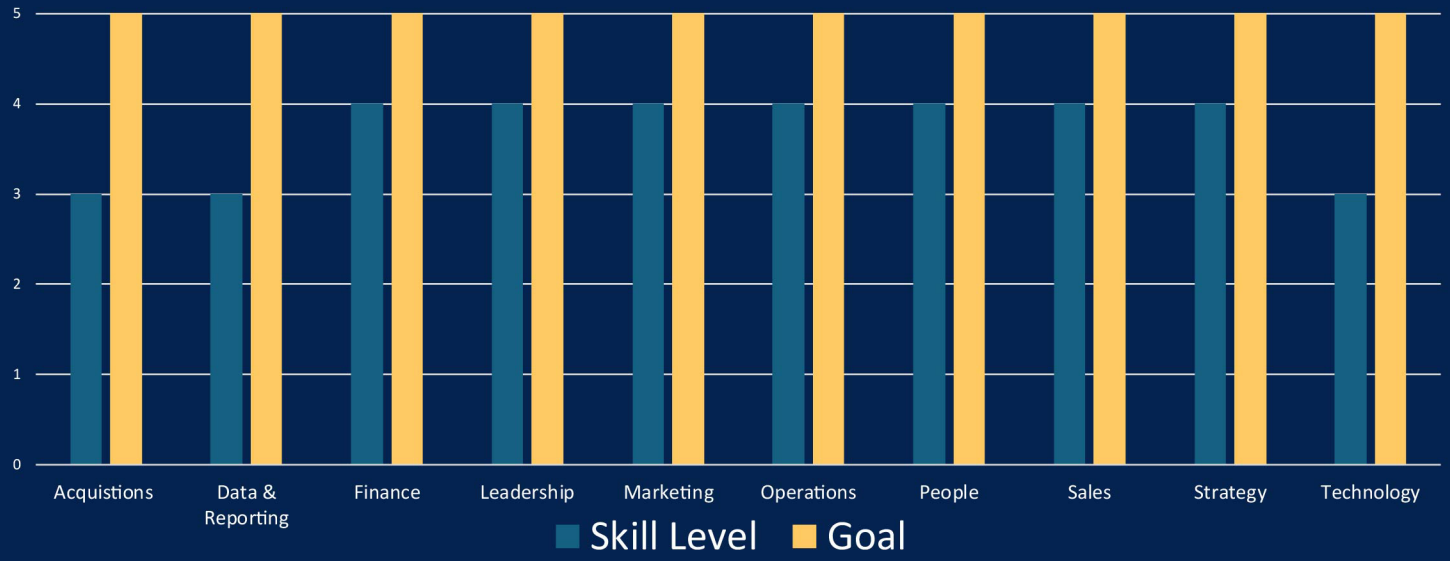
Level 6 - Company Infrastructure

At this level, businesses are mature and strategically focused. Here are the key points:

- **Employees:** Fewer than 200
- **Financial Targets:**
  - 20%+ growth
  - 40%+ gross profit
  - 20%+ net profit
- **Leadership Focus:** Performance and accountability
- **Key Areas of Attention:**
  - Marketing
  - Operations
  - People management (hiring, training, retaining employees)
- **Reporting:** Robust processes with KPIs and metrics
- **Growth Strategies:** Geographical expansion, service diversification, increasing market share, strategic acquisitions
- **Technology Integration:** Crucial, with active acquisition and integration of complementary companies
- **Processes:** Well-established and documented
- **Owner's Role:** Functions as a CEO, focusing on strategy, culture, and growth
- **Business Dependency:** Less dependent on the owner, functioning as a real enterprise
- **Owner Income:** Exceeds $1 million

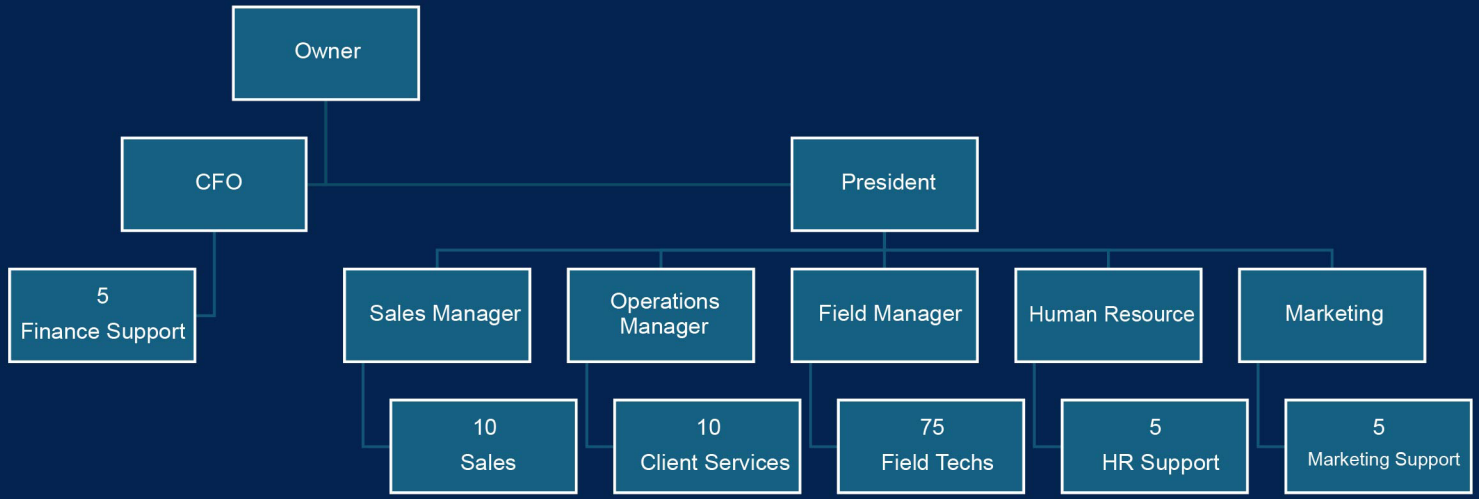
BRENTWOOD GROWTH

Level 6 – Owner Skill Level And Goal



BRENTWOOD GROWTH

Level 6 – Sales to $50m
Organizational Structure < Employees 200



BRENTWOOD GROWTH

Level 7 – Sales $50m+

At this elite level of business growth, companies achieve impressive financial benchmarks. Here are the key points:

- **Annual Sales:** Over $50 million
- **Cash Flow:** Exceeding $10 million
- **Valuation:** Starting at $150 million
- **Valuation Multiple:** 15x or more
- **Buyer Interest:** Attracts the Brentwood Growth buyer network and both mid-size and large private equity firms, drawn to substantial revenue and significant growth potential



BRENTWOOD GROWTH

Level 7 - Company Infrastructure

At this level, businesses are highly mature and strategically focused. Here are the key points:

- **Employees:** Over 200
- **Financial Targets:**
  - 20%+ growth
  - 40%+ gross profit
  - 20%+ net profit
- **Leadership Focus:** Performance and accountability
- **Key Areas of Attention:**
  - Marketing
  - Operations
  - People management (hiring, training, retaining employees)
- **Reporting:** Robust processes with KPIs and metrics for effective performance monitoring
- **Growth Strategies:** Geographical expansion, service diversification, increasing market share, strategic acquisitions
- **Technology Integration:** Crucial, with active acquisition and integration of complementary companies
- **Processes:** Well-established and documented, indicating a mature organization
- **Owner's Role:** Functions as a CEO or investor, focusing on strategic aspects
- **Business Dependency:** Not dependent on the owner
- **Owner Income:** Exceeds $2 million

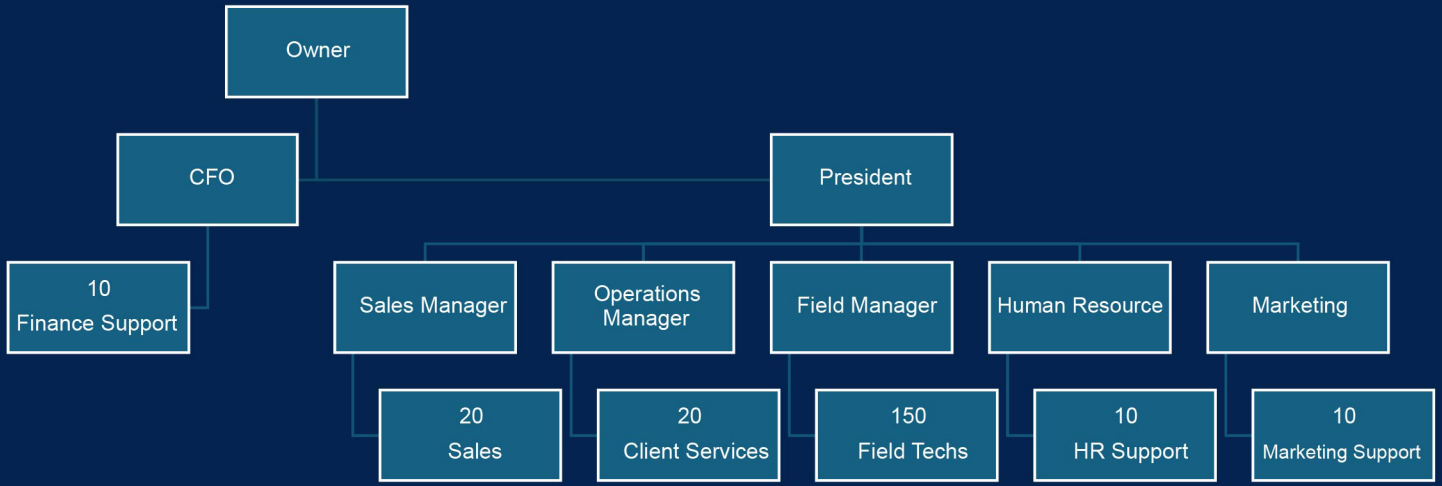
BRENTWOOD GROWTH

Level 7 - Owner Skill Level And Goal



BRENTWOOD GROWTH

Level 7 – Sales to $50m+
Organizational Structure > Employees 200



BRENTWOOD GROWTH