



# 5 Ways Social Media **INCREASES** COMPANY VALUES

By Joe Chavez

**When managed and carried out strategically and efficiently, a well-executed social media marketing strategy can help grow your business and ultimately increase your company's valuation.**

**S**ome business owners do not believe social media does or ever could have any impact on them or their business, so they do not use it personally or professionally. However, if you own a business, when managed and carried out strategically and efficiently, a well-executed social media marketing strategy can help grow your business and ultimately increase your company's valuation.

## **1. Raise Brand Awareness**

Social media is the most effective tool marketers can utilize to raise brand recognition and awareness and to boost brand favorability quickly. According to a 2011 study by Ogilvy & Mather and ChatThreads, social media appeared to have the strongest impact on shifting brand favorability higher. Most importantly, acquirers are typically willing to pay a higher value for a business with a strong brand.

## **2. Grow Sales**

Social media isn't simply a way to reconnect with old friends. Savvy marketers—and business owners—know that the top social sites offer a variety of tools to help drive sales. A recent article on CIO.com cited three significant examples to reinforce this fact: \$3 million in sales have been made for Dell Outlet using Twitter; \$2 million in sales have been made for Starwood via one Facebook campaign; and a 1,600 percent return on investment (ROI) has been attributed to VMware through hosting a Google+ Hangout.

Successful businesses that evolve and use new avenues to consistently expand sales are more desirable to acquirers than businesses with outmoded sales models that are proving to be less and less effective. The more confident acquirers are in your company's future sales potential, the more likely they will be to pay a higher valuation.

### 3. Enhance Reputation Through Thought Leadership Initiatives

LinkedIn tends to lead the pack as a marketing resource for business to business (B2B) organizations because the site makes it easy for individuals to connect with others in their industry. According to LinkedIn, 60 percent of the site's members are interested in garnering industry insights while engaging with the social channel.

LinkedIn can position your key management as thought leaders through sharing industry insights; posting relevant, original content; initiating or commenting on LinkedIn group discussions; etc. You can boost the reputation of both the leadership of your business and the business itself. Investors seek out successful companies that are well-known in an industry niche and will be more likely to offer a higher value than they would to a similar but lesser-known company.

### 4. Improve Customer Service and Satisfaction

The happier the customer, the more likely an enduring business-customer relationship will occur. According to the Pew Research Center, 74 percent of Internet users today utilize social networking sites. People, especially millennials and those from younger age

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groups, expect to communicate with businesses via social media. Thus, acquirers do monitor the social sites of companies they are researching to see how customer service comments, inquiries, and complaints are handled. In addition, they will look at the frequency and types of inquiries (complaints or compliments) received. If your business does not proactively engage with customers and address questions or concerns, an investor may question your ability to retain customers and repeat sales, which may compromise a favorable valuation.

### 5. Broadcast Success Stories

Social media offers a multitude of channels to share success stories and case studies that distinguish your business from others. You can

distribute any success story from your website, on a YouTube channel, on PR sites, or in news stories through social channels to gain visibility and positive traction for your company. When an investor is researching your business on social media sites, your success stories can provide an inside look at business operations and personnel while reinforcing your ingenuity and accomplishments. The stories can also illustrate potential synergies more clearly for strategic buyers who could potentially offer a higher valuation.

### Social Media Plan

If you are considering selling all or a portion of your business, don't neglect the importance of your social media presence. Acquirers will closely scrutinize information about your business as well as the activities of your key management on social sites. Be proactive about strategically managing your social profiles and shining a bright light on your accomplishments and capabilities. With an effective social media plan in place, you may be able to secure a higher valuation for your business than you ever would have imagined. **N**

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