A SHORT BRIEF FOR FOUNDERS AND AGENCY OWNERS

# The Key-Person Gap

What it costs to be the business rather than to run it, why owner-independent firms earn more today, and what happens on the day you try to step back.

## YOU ARE UNREACHABLE FOR TWO WEEKS. WHAT BREAKS, AND WHEN?

- Day 1 — Approvals stack up
- Day 3 — Clients ask for you
- Day 7 — Invoices unsent
- Day 10 — Delivery dates slip
- Day 14 — Team stops deciding

**That is not loyalty. That is a single point of failure with a nice name.**

## AND IT SHOWS UP LONG BEFORE YOU EVER SELL

**$90k**
median profit with a long-term plan, against $60k without

**6.46%**
median close rate when listed businesses go to market

**WHERE I COME IN**
I turn the parts that only you can do into parts anyone can.

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A QUESTION WORTH ANSWERING HONESTLY

# What breaks first if you disappear for two weeks?

Not a hypothetical. Illness, family, a delayed flight, a phone that dies abroad. Most owners can answer this instantly, which tells you the answer was never in doubt.

### The comforting story

The team is loyal. Clients want to deal with the founder. Nobody knows the business like you do. All of that is probably true, and none of it is a system.

### What it actually is

A single point of failure with a flattering name. The business does not depend on your judgment. It depends on your availability, which is a very different thing.

| | | |
|---|---|---|
| TEST ONE | **Could someone else close the month?** | If the answer is no, the finance function is a person, not a process. |
| TEST TWO | **Could a new client be onboarded without you in the thread?** | If every engagement begins with your inbox, you are the intake system. |
| TEST THREE | **Would anyone know what is at risk without asking you?** | If status lives in your head rather than in a report, so does the early warning. |

THE DISTINCTION THAT MATTERS

Being busy is a schedule problem. Being load-bearing is a structural one. They feel identical from the inside and they are not remotely the same thing.

THE PART THAT SURPRISED ME IN THE RESEARCH

# This is not about retirement. It is about this year's profit.

I expected the evidence here to be about exit value. The strongest finding is not. Firms that could carry on without their owner simply earn more while the owner is still there.

**$60,000**
median annual profit, US employer firms with no long-term plan
Gallup, 2026

**$90,000**
median annual profit, the same firms where a long-term plan exists
Gallup, 2026

**$100k vs $20k**
median profit for firms planning to sell against those planning to close
Gallup, 2026

THE SOURCE

**Gallup Pathways to Wealth Survey, funded by JPMorganChase and the Kauffman Foundation**

Independent, funded research rather than a valuation firm with services to sell. That distinction matters on this topic, for reasons on the next page.

THE CAUTION

**This is correlation, and I am not going to pretend otherwise**

Better-run firms plan more, and planning firms tend to be better run. The causation runs both ways. But the direction is consistent and the gap is not small.

WHY THIS REFRAMES THE WHOLE CONVERSATION

Documenting the business is usually sold as exit preparation, which is easy to defer forever. The evidence says the firms that did it are earning more now. The exit is the proof, not the point.

AND WHEN YOU DO TRY TO LEAVE

# Buyers do not buy the business you built. They buy the one that runs.

Here the data gets thinner and more self-interested, so I am going to be precise about what is solid and what is not.

**6.46%**

median close rate for small businesses listed for sale, 2018 to 2022

BizBuySell marketplace data

**~30%**

of listed small businesses find a buyer at all

BizBuySell marketplace data

**10 to 25%**

key person discount range applied where one individual carries disproportionate value

Shannon Pratt, valuation standard

### What I trust here

The close rates come from actual marketplace listings and closes, not opinion. Pratt's key person discount is the recognised professional standard, cited consistently across independent valuation sources.

### What I am not using

The widely repeated claim that owner dependency costs 20 to 50 percent of value. Across sources I found 5 to 25, 10 to 25, 10 to 40, 20 to 50 and 1 to 2 turns of EBITDA, almost all from firms selling exit-prep services. A range that wide is not a measurement.

WHAT IS BEYOND DISPUTE

Whatever the exact number, buyers price transition risk. A business that only works because one specific person turns up is harder to transfer, and harder to trust.

WHY THIS KEEPS HAPPENING

# Nobody chose this. It is what growth does by default.

Key-person risk is not a decision anyone makes. It is the residue of a business that grew faster than its documentation, which describes almost every business that has grown at all.

STAGE 01

### You do everything, correctly

Early on there is nobody else, and writing it down would be a waste of the only hours you have. This is the right call. It just never gets revisited.

STAGE 02

### You hire, and teach by proximity

People learn by watching and interrupting. It works, slowly. Nothing compounds, because each person learns a slightly different version and none of it is written.

STAGE 03

### The knowledge is now load-bearing

Enough decisions route through you that the business genuinely cannot run without you. Not because you insist. Because the instructions do not exist anywhere else.

> Only about a third of family businesses have a documented and communicated succession plan, and roughly 30 percent survive into a second generation.
>
> PwC US Family Business Survey; US Small Business Administration

THE SAME ROOT CAUSE AS THE LAST TWO BRIEFS

Tools do not pay off, hires make you busier, and the business cannot outlive you. All three trace back to work that was never written down, given an owner, or measured.

HOW THE WORK ACTUALLY GOES

# Ninety days to move the first load off the single column.

Nobody de-risks an entire business in a quarter. What you can do in a quarter is take the three heaviest things out of one person's head and prove the method works.

DAYS 1-30

### Find out what is actually load-bearing

Every recurring task mapped with its current owner and where it lives, drawn from watching the work rather than from asking you to describe it. The output is a written map of exactly which parts of the business currently require you specifically.

**You can inspect: the map, and a ranked list of what to lift first.**

DAYS 31-60

### Write the three heaviest down

The three workflows that most require you become SOPs, drafted from observed reality, sent to you for correction, then handed to a named owner. Correcting a draft takes ten minutes. Writing one from nothing is a project you will never start.

**You can inspect: three SOPs with your edits in them, each with a name against it.**

DAYS 61-90

### Make them run without anyone remembering

The top two get automated: generated rather than assembled, escalating on rules rather than on someone noticing. Reporting arrives unrequested, so status stops living in your head.

**You can inspect: a week where nobody asked you a question you had already answered.**

THE REAL TEST, AND IT IS NOT SUBTLE

Be unreachable for a week on purpose. Whatever still works is now a system. Whatever breaks is the next quarter's list.

EVIDENCE, NOT ADJECTIVES

# What I have actually built.

Designed, built and maintained by me in a live agency, supporting senior leadership across many concurrent client accounts.

GENERATED

### Work that creates itself

A new engagement scaffolds in one click: an epic plus 28 child tickets, phases, components and due dates, identical every time. Recurring sets open two weeks before they are due.

ENFORCED

### Standards the system applies

QA checklists attach on ticket creation and reset when work reopens. Incomplete tickets flagged by name to whoever last edited them, in the channel they already use.

DELIVERED

### Reporting nobody chases

Daily stand-ups sent as direct messages before work starts. Weekly utilization and burn against contracted hours. Intake forms wired straight through to tickets.

SCALE

**40+ automation rules, 9 scripted jobs, 8 integrations**

Across Jira, ScriptRunner and Google Workspace. Two paid automation subscriptions retired and replaced with scripts the team could read and change.

RANGE

**30+ digital projects delivered end to end**

Coordinated across North America, EMEA and APAC time zones, including direct third-party and vendor communication.

CREDENTIALS

**Google Project Management Professional Certificate and Google AI Essentials**

Plus Anthropic AI Fluency and Model Context Protocol. 31 certifications in total, every one independently verifiable.

> " Paul is dependable, highly organized, and always willing to step in wherever support is needed. His attention to detail, problem-solving skills, and commitment to keeping operations running smoothly made him an invaluable part of the team.
>
> Mary Joy Bertulfo · Executive Assistant · Worked together 2+ years

HOW TO START

# Start with the one thing that would break first.

You already know what it is. You named it on page two without having to think. That is the right place to begin, and it does not require hiring anyone yet.

OPTION 01

### Give me the thing that breaks first

One workflow. I observe it, document it, hand it back for correction, and put a named owner against it. You will know inside a week whether I understand your business.

OPTION 02

### Give me the map

Two weeks, part time, to produce the written map of your recurring work and which parts currently require you specifically. Useful to you whether or not you hire me.

OPTION 03

### Give me a week of your absence

Plan to be unreachable, with me covering. What still works is a system. What breaks is the list. Nothing reveals key-person risk faster than testing for it deliberately.

WHY I OFFER IT THIS WAY

If I am the right hire, this is the fastest way for you to find out. If I am not, you have lost a week and gained a document. That asymmetry is deliberate.

## Available now for remote work

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Sources: Gallup Pathways to Wealth Survey, funded by JPMorganChase and the Ewing Marion Kauffman Foundation. BizBuySell marketplace listing and close data, 2018 to 2022. Shannon Pratt, Valuing a Business, on key person discount. PwC US Family Business Survey. US Small Business Administration on generational survival. Figures are published third-party research, not results I am claiming.