

Is Your Company a Diamond in the Security Industry Landscape?

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In the security industry, as in most industries, companies strive to stand out, make an impact, and be highly valuable. We generally measure security business value through the total amount of recurring monthly revenue (RMR) or overall revenue. However, size does not necessarily mean greater value.

Much like diamonds, some companies possess qualities that make them truly exceptional.

We've all heard about transactions in which a business owner was paid top dollar for their security business and the business wasn't even for sale. You may wonder why buyers are so attracted to a particular business. While there is no definitive checklist or "universally accepted" criteria for labeling a company as a diamond, there are distinguishing characteristics these companies possess. I reviewed the attributes of our recent transactions and it's clear that they embody several of the diamond-like traits addressed in this article.

Clarity: Like rare gems, it's extremely important for a successful security business to have clarity. Whether the business is a systems integrator, an alarm company, an A/V focused business or a manufacturer, business owners should stay focused on what products and services are offered. Growing businesses may revise their business model as technology provides new opportunities, but these businesses maintain a well-defined mission and purpose. Doing so will not only guide the organization but also serve as a beacon for employees and customers. Companies that clearly articulate goals and values exhibit a commitment to best practices and long-term success.

Commitment to Quality: Diamonds are valued for their exceptional quality. Businesses that prioritize excellence in products, services and customer experience earn a similar reputation. Establishing key performance indicators around quality in sales, installations, service, and customer experience play crucial roles in securing a company's enduring success. Unwavering commitment to deliver excellence enhances customer satisfaction, ensures customer retention, creates opportunities for repeat business and referrals, and builds trust and loyalty.



Recognition: Even an untrained eye can recognize a brilliant diamond. A highly valued company routinely occupies a prominent position within its market, exhibits brand recognition and benefits from consistent new business. The business works diligently to ensure current customers and new prospects are aware of all new products and services offered. The business takes measures to understand how the company is regarded in their market(s). The marketing mediums used focus on creating and securing brand awareness. Business owners are consistently assessing market recognition, and fully understand their competitive advantage and industry standing.

Resilience and Endurance: Diamonds are formed under intense pressure over time. Similarly, successful companies often face challenges that test their resilience. Adapting to changes in the market, overcoming setbacks, and maintaining stability during turbulent times are indicators of a company's strength. In very recent years, all businesses were impacted by extreme unexpected events. The most adaptable businesses took the opportunity to navigate the landscape and pivot where needed. The ability to endure and emerge stronger is a vital characteristic shared by successful businesses.

Exceptional Leadership: Diamonds are shaped by skilled craftsmen. Successful companies are molded by exceptional leaders. Effective leadership is essential for guiding an organization, inspiring teams, identifying talent, and navigating challenges. Leaders who prioritize communication, collaboration, and strategic decision-making in their business contribute to the overall success and brilliance of the company.

In those vast and competitive business landscape, companies can be more than just entities that offer products or services. By embodying the qualities of a diamond, your company can distinguish itself as a true gem in our industry. As businesses strive for growth, longevity and success, the question remains: Is your company a diamond?

If you are in growth mode and considering an acquisition or selling your business, it's essential to conduct thorough research, analyze multiple aspects of the company, and seek professional advice from Davis Mergers and Acquisitions Group.

Kelly Bond brings over twenty-five years of industry experience, currently serving as Partner with Davis Mergers and Acquisitions Group, representing sellers of Alarm and Integration companies.

Previously, she was VP of Dealer Development with Brivo, a software-as-a-service company providing cloud-based access control and also spent over a decade as Senior Vice President of Business Development at Alarm Capital Alliance (ACA). At ACA she was responsible for increasing company growth through acquisition and driving the overall business-to-business development strategy. Kelly also serves or has served in the Steering and Nominations committees of SIA's Women In Security Forum (WISF), National Scholarship Task Force Chair for the Electronic Security Association (ESA) and ESA's Leadership Identification and Nominating Committee (LINC).

