

Why “Business Valuations” are Important for Small Business Owners



As a small business owner or professional you will run into situations where you need to professionally “value” your business. Business valuations are often done as part of any divorce or estate planning or asset/financial related process you are going through.

Insurance salesmen will often request a business valuation to determine the size of certain types of insurance policies. Business valuations are often conducted when you are anticipating a financial event in your business such as adding a partner or equity owner; the creation of a ESOP (Employee Stock Ownership Program); or prior to distributions to one or more investors.

Whatever the reason we have developed a cost effective method of preparing business valuation work through a nationwide network of valuation experts, including CPAs, ASAs, CVAs, business brokers, and consultants that small business owners can utilize to cost efficiently determine the value of their business.

We and our affiliates have participated in hundreds of valuations of business interests in over 100 industries. We have valued all forms of business ownership:

BUSINESS VALUATION FEATURES	SUMMARY	BUY-SELL	STANDARD	HEAVY
Typical Pages	30-50	40-70	60-90	80-120
Transaction data sources	Single	Multiple	Multiple	Multiple
Company Description	Brief - several paragraphs	Brief - several paragraphs	Standard approx 2 pages	Expanded usually 4-8 pages
Supplementary text (approach, economic outlook, 50-60)	None	None	Standard	Standard
Risk analysis vs. industry	Summary	Standard	Standard	Standard
Financial projections	None	Summary	Summary	Detailed Projections - I/S, B/S, C/F, Ratios
Industry analysis	None	None	Brief	Expanded
Methods	Up to 8, excludes DFE, DCF, Div Cap	All appropriate	All appropriate	All appropriate
Conclusion / Opinion vs. Indications / Estimate	Indication	Indication	Opinion	Opinion
	SUMMARY	BUY-SELL	STANDARD	HEAVY

- Tangible and Intangible Assets
- Common Stock
- Preferred Notes
- Promissory Notes
- Limited Partnership Interests
- General Partnership Interests
- Minority & Controlling Interests
- Stock Options and Warrants

For all kinds of purposes:

- Divorces
- Gifts
- Estates
- Purchase or Sale of Interests
- Buy/Sell Agreements
- Subchapter S Conversions
- Bankruptcy
- ESOPs
- SFAS 141, 142
- IRS 409a

We think that by now, we must have seen everything at least once. Our team approach to preparing a business valuation allows us to charge you rates which are fair and reasonable.

If you don't know the difference between the different types of business valuations like a Standard or Heavy, don't worry. Just give me a call I can explain in 5-10 minutes about the differences and if you give me some background about you and your business, I can suggest what type or level of valuation you may want to use.

To Get Started

To start the business valuation process, send me an email call me. My contact information is listed below.

I'll need to ask you some preliminary questions to determine if and what type of valuation you may want to use. The general questions will be:

- What is the **INDUSTRY** your company is in?
- I'll ask you **WHY** you think a valuation needed?
- I'll need to know what is the **SIZE** of your company (size in revenue dollars)

The Valuation Process

The entire business process consists of only a few steps so you do not need to invest an inordinate amount of time in it and therefore can continue to run your business as usual. We'll also work directly with your accountant, CPA or attorney when needed. The steps are:

1. You contact us for a brief conversation / question-and-answer session that lets us know your industry, why your valuation is needed, and the size of your company.
2. We will send you an engagement letter that you will sign and send back to us with your full payment amount of the valuation.
3. You send/mail/fax/email us your last 5 years of corporate tax returns or financial statements for us to begin the work on your valuation.
4. We are usually processing 5-7 business valuations at any one time and our average turnaround time is normally 3-4 weeks.
5. We will complete the valuation and immediately email you a PDF copy while putting your official hard copy in the mail to you.
6. You'll receive your business valuation and we will schedule a phone call to review the documents and answer any questions you have about the valuation.

