Ultimate Business Valuation Checklist

1. Gather Financial Statements

Collect profit & loss statements, balance sheets, tax returns, and cash flow statements from the last 3-5 years.

2. Choose a Valuation Method

Select a valuation approach: Asset-Based, Market, or Income Approach.

3. Calculate Sellers Discretionary Earnings (SDE)

Determine SDE by adding back non-essential expenses to net income to reflect owner benefit.

4. Assess Industry Comparables

Research recent sales of similar businesses to establish a benchmark valuation multiple.

5. Evaluate Market Conditions

Analyze economic and industry trends that impact business value, such as market demand and competition.

6. Identify Key Business Assets

List all tangible assets, such as equipment, real estate, and inventory, and determine their contribution to the valuation.

7. Consider Intangible Value

Assess intangible assets such as brand reputation, intellectual property, customer base, and goodwill.

8. Assess Risk Factors

Identify risks including industry volatility, owner dependency, customer concentration, and financial stability.

9. Adjust for Growth Potential

Adjust valuation based on the potential for revenue growth, expansion opportunities, and profitability improvements.

10. Finalize and Validate Valuation

Confirm valuation findings with a financial expert or business broker for accuracy before making decisions.

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