



What is my company worth?



If you are a small business owner, you have most certainly asked yourself "What is my company worth?" Knowing the value of your business today will allow you to plan for your business tomorrow. If you are like most privately-held, small business owners in America, you do not know the true value of your company or what it would realistically fetch in today's marketplace. You may be able to guesstimate a fair price, but numerous studies indicate the margin of error to be 25-50%+!

A professional business valuation will give you greater insight and a better understanding of your business than you most likely will ever have. In fact, a business appraisal is one of the most important investments you can make for its current and future health. If you fall into any one of the following categories as a business owner and have not conducted a business valuation in the past, it is time that you seriously consider a small business valuation:

- ❖ Actively seeking to sell your business
- ❖ Considering and planning to sell your business in the next 1-3 years
- ❖ Selling the business is part of your long-term exit strategy, but you are currently in growth mode
- ❖ Planning to raise capital or apply for bank lending to expand business operations

Most business owners associate a business valuation with putting their business up for sale. This is a fair assessment as today's mergers & acquisition industry almost requires a business valuation be conducted before any transaction occurs. While the sale of a business is the most common time to conduct a third party, independent fair market valuation, savvy business owners are now incorporating them into their strategic growth plans to identify value drivers and maximize future company earnings. If you do not know the value of your business then you are in essence operating and directing the company blind-folded.

In analyzing your existing business and future potential, there are some key elements that serve as indicators to a higher business valuation. Deloitte & Touche have identified the following characteristics as signs of a higher value for a privately-held company:

- ❖ Verifiable growth history and strong potential for future growth
- ❖ Consistent profitability trends
- ❖ Strong brand recognition
- ❖ Proprietary systems, applications, intellectual property and/or ownership of key intangible assets
- ❖ Established client base that is consistent and offers upside
- ❖ Strong balance sheet showing signs of positive cash flow, margins and valuable assets
- ❖ Niche expertise that minimizes current and future competitive threats
- ❖ Experienced, proven management team with a vision for future plans

If your business has proven indicators and trends as described above and has not conducted a business valuation, you are doing yourself and company a major injustice. Know your value. Know your business.

Contact Fair Market Valuations today to learn more about our valuation services and to schedule an in-person, no obligation meeting with one of our professional experts.

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