

FOR EXECUTIVES SEEKING TO BUY, SELL, OR RECAPITALIZE BUSINESSES

What Is The Value Of My Business?

"In business, you don't get what you deserve, you get what you negotiate". – Chester L. Karrass

The reality of business sales process is that the value of a business is determined by the acquirer much more than any other factor. The same business could be viewed completely differently by two different acquirers depending on their strategic needs and their perceptions of future cash flows. The business sale process also plays a big role. Acquirers tend to pay much more for a deal that they believe is competitive.

Business owners should be aware that these two factors play a disproportionately large role (see chart) and consequently any "professional valuation" has only limited applicability in the business sale process.

Strategic Buyer's Value – With Multiple Parties Bidding



Strategic Buyer's Value

Market Multiple Value (Stretch)

Financial Buyer's Value - Competitive Bid

Financial Buyer's Value

CPA (Conservative Cash Flow) Value

Book Value

Fire Sale Value

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