

SA Expertise

So, What's My Business Really Worth?

There are lots of reasons to know what your business is worth. Maybe you may need additional financing, or perhaps one of your shareholders wants a buyout. Or, as we have discussed in other posts, you think it just might be time to exit the business [[“LIFE AFTER BUSINESS”](#)]. Whatever your reasons, a solid, realistic business valuation is of critical importance.

If you've recognized the importance of getting a realistic valuation of your business, you probably also realize that your valuation should be conducted by a professional, independent organization. Many business owners are skilled at financial analysis but, even if you are, it's hard to be objective about the business to which you're emotionally tied. Whatever the reason you're getting the valuation, have it performed by professionals—not only well versed in the financial metrics of business valuation, but ideally a team that truly understands your particular business and industry. With our combination of financial expertise and on-the-ground aftermarket experience, the Schwartz Advisors team is recognized as industry M&A experts, with dozens of completed transactions and specific experience establishing accurate valuations for aftermarket customers.

Let's discuss how business valuation works.

At the core, your business is comprised of various hard assets—your cars, trucks, racks, computers, equipment, furniture and, of course, inventory. Each of those assets has a fair market value that can be determined pretty readily.

But the real value of your business is probably in what is often referred to as the “goodwill” of the business—the intangible blend of attributes of the business that makes it worth more than the sum of the fair value of the raw assets. It's the value inherent in your customer relationships, your people, service, technology, processes, geography, location and everything else that translates into a profitable business.

There are a number of methods commonly used in arriving at a valuation. These include asset value, discounted cash flow analysis, and industry multiples of revenue and income. It's important to note that no single method is *the* method that provides the right answer. At SA, we'll analyze the business using all of these metrics, determine which are the most appropriate and weight them accordingly. This gets us to a valuation that is not just hopeful, but is realistic and, more importantly, useful to you, the business owner.

Is it time to find out what your business is really worth? Call Schwartz Advisors to discuss your business needs. With unmatched industry expertise and experience, Schwartz Advisors provides leading-edge and comprehensive M&A advisory services to middle-market light-vehicle and commercial truck aftermarket companies and investors. SA's team of automotive and transportation industry executives and industry leaders brings their proven expertise to merger and acquisition opportunities and strategic growth opportunities. For more information, please visit www.schwartzadvisors.com. For more personal attention, contact:

Rick Schwartz: rschwartz@schwartzadvisors.com

Bruce Tartaglione: btartaglione@schwartzadvisors.com