The key factors that make a business valuable

Use the table below and score your business from 1–10 on how you feel the business is performing - 1 being a very poor performer in that area through to 10 being the leader in the market.

1	Highly profitable	Choose score
2	Low reliance on owner or single key person	Choose score
3	Repeatable systems	Choose score
4	Strong brand	Choose score
5	High customer loyalty	Choose score
6	Scalable – able to grow	Choose score
7	Unique – difficult to replicate	Choose score
8	Consistent figures and performance	Choose score
9	Focused and reliable workforce / team	Choose score
10	Growth opportunities in the market	Choose score
	Total score (out of 100)	

Businesses that would score **High** (70 or above) on the scale above would be more likely to command higher business value or multiples.

Businesses who score **Low** would be looking at lower multiples – perhaps 1 to 2 times profit.

Businesses in the middle scores – would perhaps fall in the 2 to 3 times profit multiple levels.

Now, you can have a go at a 'back of the coaster' indicator of what your business might be worth:

What is your business profit after paying a market salary to the owner but excluding interest expense and other add backs (expenses that are not critical to the businesses operation) ?	$
Multiply by a valuation multiple based on how you scored yourself in the table above	x
Likely business value (profit x multiple)	= $

The most common valuation range for small businesses value is between 2 and 3 times net profit (after allowing for working owners salary)

Remember - tax will take a slice of the sale proceeds, so you will need to consider your structure and options on sale before you list your business.

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