

Alliance
Business Brokers

Business Valuation



We are asked by many business owners "How much is my business worth?" and "How much could I get if I sold my business now?" "What about if I waited?" or "What can I do to increase the value of my business?"

A Business Value Analysis Report is a tool used to determine the Most Probable Selling Price of a small business. It is prepared by recasting and analyzing the most recent financials of the business to determine the Discretionary Earnings.

We then research the selling price of businesses similar to the subject company and determine the multiple to Discretionary Earnings for which those businesses sold. This is the starting point. **The Institute of Business Appraisers (IBA) calls this method the Direct Market Data Method (DMDM) and states "it is the preferable method for valuing closely held businesses of midsize and smaller".** In addition to the multiple to Discretionary Earnings, we will analyze a number of other factors to establish the Most Probable Selling Price.

Why Consider a Business Value Analysis rather than a formal Business Valuation? In a word - cost. The difference could be thousands of dollars between a Business Value Analysis and a formal Business Valuation. It is by far a much more cost-effective form of establishing a probable selling price for a business and is our most requested business valuation service. This is not to be used for litigation support, estate tax or gifting purpose, or the implementation of an ESOP (employee stock ownership plan)

A business value analysis is performed for many reasons including:

- Preparation for sale of a business – Determine “Probable Selling Price”
- Before acquiring a business, to obtain an opinion from a professional valuation expert
- Partnership or shareholder disputes, when all parties agree to Value Analysis outcome
- To help in preparing Buy/Sell Agreements
- Divorce settlements when both parties agree to Value Analysis outcome
- Personal Financial Planning

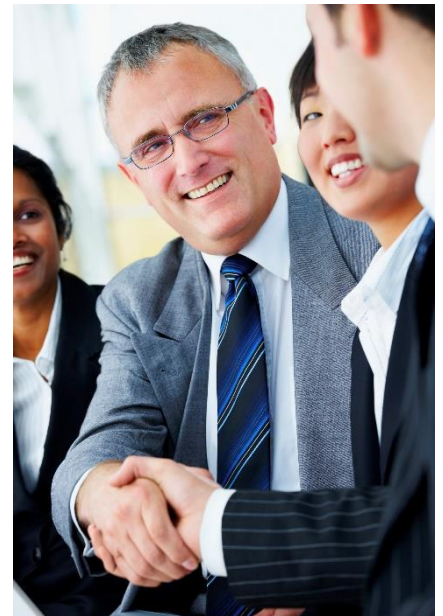
What is the cost of having a business value analysis? The cost depends on the type of entity (Sole Proprietor, LLC/Corporation). However, it is a **fraction of the cost** of a full valuation. One quick call or email and we can go over it with you.

How long does it take to have an analysis performed? From the time we receive the necessary documents, for most business it will be about 7-14 days.

What is provided when the value analysis is completed? A Value Analysis Report is given to the client that clearly shows the results of the analysis as well as how value has been calculated to arrive at a probable selling price. This is a document that can be used to show a prospective Buyer or Seller what the value of the business really is and can be helpful in reaching agreement on a selling price. Further, it can also be used as a tool for a business owner to learn how his or her business may be viewed in the marketplace by prospective buyers. Finally, this tool may help the client implement value drivers to enhance the value of their business for a future possible sale.

About Us

Our principal John Coto, Managing Member of Alliance Business Brokers, LLC, has over 20 years of combined experience in business valuation, business sales, equipment appraisal, consulting, equipment lease and used equipment sales and brokerage. Previously, Mr. Coto was President of Mass Micro Rentals, Inc. of Woburn, MA, a provider of computer leasing services and pre-owned computer equipment sales to customers throughout New England. Mr. Coto has also held domestic and international sales and marketing positions at various companies in the electronic printer manufacturing industry. Professional designations and associations for John Coto, CBI, CMEA, include: Certified Business Intermediary (CBI) by the International Business Brokers Association, the largest trade association of business brokers providing education in areas related to business valuations and business sales as well as professional designations.



Certified Machinery and Equipment Appraiser (CMEA) by the National Equipment and Business Builders Institute (NEBB Institute) CMEA's are located throughout the United States and several foreign countries, and are used by banks, other lending institutions, CPAs, attorneys, business buyers/sellers and others to provide needed financial information for a variety of reasons.

Licensed Real Estate Agent.

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Items for Value Analysis

1. Business Value Analysis Agreement filled out and signed. **(If you do not have a Business Value Analysis Agreement, please contact us and we can email it to you.)**
2. Copies of:
 - A. The business tax returns ***with all schedules and statements for the past 3 years***

OR

- B. If the Tax Returns have not been prepared for the most recent year, we would need the business tax returns ***with all schedules and statements for the 2 previous years and Financial Statements (Income Statement and Balance Sheet) for the most recent year end.***
 - C. With some Business Value Analysis, a YTD Financial Statement will be needed (we will let you know if we need a YTD Financial Statement)
3. Payment by check payable to Alliance Business Brokers, LLC

Please mail to:

**Alliance Business Brokers, LLC
131 Daniel Webster Hwy., Suite 221
Nashua, NH 03060
Atten: John Coto**