

ATTRIBUTES THAT ENHANCE VALUE

Attributes of the business that justify a higher multiple within the range:

- A consistent historical record of growth and profitability
- 10+ years in business
- Substantial hard asset value
- Owner retirement
- Business operates independent of owner
- Stable management team in place
- Long-term quality employees and customers
- A broad diverse customer base
- Apparent competitive advantages
- Proprietary or exclusive products
- Financial statements prepared by reputable accountant
- Up to date assets and premises in superior condition
- Highly favorable lease terms or ownership of real property
- Desirable location
- A high demand enterprise
- Favorable seller financing
- Easy to understand motivation for selling
- Sales contracts in place
- Trademarks and documented intellectual property
- Asset sale

ATTRIBUTES THAT SUPPRESS VALUE

Attributes of the businesses that justify a lower multiple within the range:

- An inconsistent record of historical profitability
- Less than 3 years in business
- Little if any hard asset value
- Owner critical to operations, professional practices, or consulting
- Substantial involvement of family or partners in operations
- Few employees or a high employee turnover
- Small customer base
- A few customers accounting for substantial percentage of revenue
- No apparent barrier for completion to enter the business
- No clear opportunity for growth and/or improvement in operations
- Financial records derived from in house system
- Out dated assets in need of replacement or heavy maintenance
- Obvious deferred maintenance or capital reinvestment
- Premises in disarray and/or unsuitable for operations
- Unfavorable terms on leases
- Undesirable location
- Business in high failure segment (retail, bar, restaurant, or personal services)
- Unfavorable terms owner unwilling to finance, all cash required
- Questionable rationale for sale
- Share sale