



BUSINESS VALUATIONS

When a business owner begins to consider either transitioning out of their business or purchasing another company, it is critical to understand the market value of a business. There are many reasons to secure a business valuation:

- In support of a sale or purchase transaction.
- In support of partnership agreements.
- When raising capital.
- To support legal actions, including divorce, shareholder disputes, bankruptcy proceedings, damage litigation, tax disputes, and corporate reorganization.
- As part of your estate planning process.
- As required to comply with accounting standards for reporting purposes.
- As needed for tax purposes, such as determining the value of a business for gift or estate taxes.
- For personal strategic financial planning.
- As part of creating an ESOP and the ongoing valuations necessary to determine the value of shares held by employees.



As Stony Hill Advisors Inc. is a national M&A advisory firm, our focus is on determining the market value of your firm. We combined our years of experience, market-based transaction valuations, valuation formulas, and evaluation of the many intangibles that directly impact the value of your business. Our valuation process includes the following:

- Securing historical financials on your business
- Securing or help developing a forward-looking financial forecast
- Calculating the amount of cash flow that your business generates from your published financials in combination with other information that we collect from your company.
- Conducting market research on recent public transactions.
- Conducting market research on recent private transactions.
- Calculating your valuation based on a variety of methods, including discounted cash flow, asset-based valuation, capitalization of earnings, earning multiplier, comparable company analysis, precedent transactions, and rules of thumb.
- Evaluating what types of discounts should apply when valuing your business, including discount for lack of control, discount for lack of marketability, minority interest discount, illiquidity discount, and key person discount.
- Considering whether you are selling to a financial buyer or a strategic buyer.
- Reviewing these multiple approaches and determining the most likely range of value for which your company would be sold.
- Providing a comprehensive business valuation report that includes our various valuation methods and our logic for our suggested range of value.

If you need an evaluation that requires compliance with USPAP standards, we can recommend sources for these types of business valuations.

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