SUNBELT®
BUSINESS BROKERS
An Atchison Advisory, Inc. dba

"Confidential Business Sales"

21 Factors Affecting the Salability & Value of a Business

1. Financial Results - Absolute value and trend of sales, margins, wages/payroll/occupancy costs, net, supportable seller's discretionary earnings ("SDE"), working capital requirements. Note: year over year interim financial results are of critical importance
2. Customers - Loyalty, quality, concentration, industry & geography, diversification
3. Products and Services Offered - Variety, mix, pricing leverage, intellectual property content, brand names
4. Productivity & Efficiency - Employees, computer & software releases, web site, point of sale system
5. Industry Cyclicality & Seasonality
6. Years in Business
7. The General Economy – U.S. and local
8. Willingness to carry a Seller's Note - An all cash price is typically discounted by 20%+
9. Scalability/Upside Potential and required additional investment, effort and risk required
10. Business After Sale Issues – Pre-paid services, warranty exposure, returns, employee commitments, equipment leases and other liabilities to be assumed
11. Competitive Threats – China, internet, home based, franchises, industry leaders
12. Facility Lease – Rate vs. Market, term, renewal options, landlord reasonableness
13. Employee Census – Years of service, age, pay rates vs. market, relatives, skill sets/licensing/certification required, pending retirements, worker's compensation mod rate, unionization
14. License Requirements & Regulatory Issues
15. If applicable, Third Party requirements of franchisor, dealer, landlord, SBA, and others
16. Barriers to Entry
17. Vendor relationships, and pricing commitments & leverage
18. Seller After-Sale Issues - Training/mentoring, consulting availability, non-compete risk, etc.
19. Facility and Equipment - Age, condition, productivity, replacement cycle, work flow, capacity, technology
20. Specific Location and Area Socio Economic Trend - A key success factor for some businesses
21. Marketability, demand, and availability of buyers with the necessary financial resources & experience

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