DOWNLOAD PDF THE BUSINESS OF BUSINESS VALUATION

Chapter 1 : Put a price tag on your business: A guide to business valuation - Canada Business Network

Market value approaches to business valuation attempt to establish the value of your business by comparing your business to similar businesses that have recently sold. Obviously, this method is only going to work well if there are a sufficient number of similar businesses to compare.

We professionally choose methods from at least three out of the five groups to value your company and produce your business valuation report. Our Warranty makes this transaction completely risk free We are confident that you will be completely satisfied with our professionally tailored business valuation Report. However, if you are unsatisfied for any reason and we cannot provide the revisions that you expect, we will immediately provide a full refund. The Business Valuation Process: Completing the business valuation Questionnaire As soon as you place your order with us, we will email you a login and password, which you will use to access to our user-friendly questionnaire. This questionnaire takes approximately 30 minutes to complete. If you need to interrupt your session, you can save the information that you have already provided and finish later. This Questionnaire will cover all relevant topics including: Your corporate Identity The purpose of the valuation from one of the following choices: The Nature of the Business Real estate and other adjustments to your balance sheet Compensation to the owners and non-recurrent incomes. Verifying business valuation inputs and assumptions We will contact you if we need to confirm or complete the valuation inputs and assumptions to ensure that all special circumstances have been incorporated into the final valuation. Our expert Valuers will begin the business valuation Our expert valuers will adjust your financial statements to capture the true economic value of your company by choosing a combination of business valuation methods that are best suited to your business activity. We use up to 22 business valuation methods that emphasize on discounted cash flow DCF methods. The adjusted or normalized income stream, which is the probable future income stream, is determined by adjusting each revenue and expense item on the income statement to its probable future value over the near term. Capitalizing the income stream involves determining an appropriate discount rate to apply to the income stream to arrive at its present value. The present value of the income stream in a profitable business is what gives the business its highest and best value. In a profitable, closely held business, income-based methods are usually the best to use. Market Approaches 12 methods These methods use data from comparable business sales to determine the value of a business. Cost Approaches 3 methods These methods include adjusting each asset and liability on the balance sheet to its fair market value, Values are then summed. This approach ignores the earnings of a business and should receive minimal attention when valuing ongoing closely held businesses that generate earnings by selling products or rendering services. Asset-based methods are appropriate for businesses whose principal function is to manage income-producing assets such as bank holding companies. Custom Methods These methods have been developed over time by Business Matter Valuation and are exclusive to this company. During the business valuation process for, we will access extensive and comprehensive industry-specific databases - including Bizcomp, RMA, SBBI and IRS corporate ratio - in order to generate a cash-flow-based business valuation for any company in one of the non-agricultural industry sectors in the United States. These databases allow us to compare your business to similar ones with similar sales transactions. Writing the Business Valuation Report After this comprehensive analysis of your business is complete, our expert business valuers will produce your tailored business valuation Report, which explains in detail our professional opinion related to the market value of your company. Your report will include a letter of opinion, that states the value of your business and our justification for that opinion. We will also send you an electronic copy of your comprehensive Report, plus with a cover letter and a letter of opinion signed by our chairman. We offer the best value for the money in the business valuation industry, hence our success. Our professional and independent business valuation Report will definitely save you money and time.

Chapter 2 : Business Valuation Appraisal $

In the long-awaited The Business of Business Valuation, veteran business valuators Gary E. Jones and Dirk E. Van Dyke give you the key factors in building a successful business valuation practiceNthe fastest growing niche in the accounting, finance, and economic professions.

Absolute Confidentiality All communications will be held in the strictest confidence. Get your burning questions answered. How it works Fill out the Business Valuation Questionnaire Send us the requested financials We ask you any additional questions Receive your Business Valuation Report Discuss your report with a Business Valuation Advisor We can value your business ifâ€¦ You own a privately held business Your business is located in the United States You have at least 2 years of historical financials Your business is not a high-tech startup that typically receives funding from venture capitalists Pricing Comprehensive valuation report see sample report Absolute confidentiality Phone discussion with Business Valuation Advisor Satisfaction guarantee Pay using VISA, MasterCard, American Express, or Discover Typical cost of a formal business valuation: See our Frequently Asked Questions Advantage Business Valuations is the 1 resource for small to mid-sized business owners to discover the value of their business. Whether you are looking to sell your business, evaluate the proposal from a potential business buyer, or assess whether it is worth selling your business now or in the future, Advantage Business Valuations allows you to know the value of your business with ease and confidence. The business valuation process consists of five steps. First, you fill out a short Business Valuation Questionnaire that allows us to gain an understanding of the operations of your business. Second, we will ask you to send us your financial statements. The financials we need will depend somewhat on the nature of your business, but at a minimum, we will need your most recent two years of tax returns, a year-to-date profit and loss statement for the current fiscal year, and a year-to-date balance sheet. Once we receive all the requested information from you, we will review the data and ask you any additional questions. Shortly after, you will receive your Business Valuation Report detailing the value of your business and an explanation of the business valuation methodologies used. Finally, you will receive a private phone consultation with a Business Valuation Advisor to go over your valuation report and answer any burning questions you have. Read More We can value your business if your business is privately held, located in the United States, not a startup in the high-tech sector that typically receives venture capital funding, and you have at least two years of historical financials. The standard Advantage Business Valuation is not considered a certified business valuation. It should be used for informational purposes only, and should not be used in court proceedings. We offer certified business valuations, which can be used in court proceedings and are much more extensive. If you are interested in a certified business valuation, please contact us to inquire about pricing. Why should you choose Advantage Business Valuations to value your business? Advantage Business Valuations is a division of Advantage Commercial Brokers, which is a team of business brokers that specializes in selling privately held businesses. Working with thousands of business buyers every year, we understand the current market conditions inside and out, and know exactly how much business buyers are willing to pay and how much lenders are willing to fund. Our in-depth knowledge of current market conditions is crucial to deriving an accurate business valuation. While some CPA or business valuation web site might tell you what your business is worth based on a pre-determined formula, our Business Valuation Advisors can take a look at the figure and quickly tell whether the business valuation number is realistic. You have worked too hard in your business to take the matter of business valuation lightly. When it comes to matters as serious as determining the value of your business, you need to hire the best business valuation experts to give you an accurate and realistic valuation. With Advantage Business Valuations, you get a comprehensive report, personalized attention, and peace of mind knowing that the business valuation figure you receive is realistic and achievable in todays market. Whats more, the entire process is easy and streamlined, allowing you to find out the value of your business quickly and easily. Click on the Start Now button to start your business valuation today!

Chapter 3 : Advantage Business Valuations | Know The Value Of Your Business

Business valuation is the process of determining the economic value of a business or company. Business valuation can be used to determine the fair value of a business for a variety of reasons.

Shutterstock Images Valuation can make or break a business sale because for many sellers, attaching a dollar value to their company is a touchy subject--especially if they have spent years building it from a fledgling start-up to a profitable enterprise. Left unchecked, the valuation process can quickly devolve into a pricing routine that is rooted in personal attachments and other subjective inputs rather than solid data based on marketplace realities. Common Valuation Methods One of the reasons business valuation is such a complicated issue is because there are many acceptable valuation methods. Rather than using a "one-size-fits-all" valuation approach, sellers need to decide which method is right for their business based on industry, size and the circumstances of the sale. That is why asset-based valuation is a common method for the sale of defunct businesses and liquidations, but not as common for thriving companies. The earnings multiplier method is often the best way to assign value to a healthy business that will be listed on the open marketplace. This also provides a more tangible and simpler basis by which to compare different businesses in different industries or locations. However, even the earnings multiplier valuation method presents challenges. Likewise, you will need to select the right multiplier to apply to defined earnings. There can be a large variance in multipliers e. With that being said, a simple way to get to a proper multiple is to work with a business broker who can share recently sold business comparables commonly known as "comps" , so that you can see what multiples businesses in your industry and location have historically or recently sold for. Prior to working with a broker, you can visit business for sale websites like BizBuySell. How to Improve Business Value Business brokers and valuation experts often find that sellers are surprised to discover that the valuation process yields a lower-than-expected asking price for their business. It is important to start immediately however, as you need to start planning months or years in advance to implement the kinds of changes that substantially improve the value of your company. By documenting a multi-year track record of profits and positive cash flow, you can drive up the value of your company--substantially, if you choose to use the earnings multiplier valuation method. In some instances, the future prospects of the sector itself can be a factor in driving up business value. Another strategy for improving business value is basic organization. Carefully maintained financial records, documented employee policies, a neat and clean facility--it all counts when it comes to the amount buyers are willing to pay for your business. Simplicity has value, and the easier it is for buyers to understand your business and envision themselves at the helm, the more likely it is that your business will sell for its full value. Seller financing also plays a role in improving the value of your business. Although financing part of the sale is not an option for every seller, buyers are willing to pay more for businesses that include some level of seller financing, particularly in tight credit markets. Business owners who use their network and business-for-sale website listings to advertise their willingness to finance part of the deal should expect a significant uptick in the number of offers. Finally, most sellers ultimately realize that they need to enlist the assistance of a qualified business appraiser or broker to accurately value their companies. A good appraiser or broker, with a proven track record in your industry, can significantly shorten the sale process by ensuring that your business is priced to move in the current market. Nov 14, More from Inc.

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Chapter 4 : What's Your Business Worth? | Business Valuation Calculator

Quite simply, business valuation is a process and a set of procedures used to determine what a business is worth. While this sounds easy enough, getting your business valuation done right takes preparation and thought.

The discounted cash flow method is used to answer three critical questions: How much is your business worth today, based on what it will earn in the future? How much equity will the buyer or investor receive for their investment? The discounted-cash-flow method is often preferred because it can be more accurate than other methods. Its accuracy and complexity are due to the fact that it: It takes into account the projected ups and downs of revenue over a period of time. Discounts the cash flows: It adjusts the cash flows by a rate that is acceptable to the investor to account for risk and the time the investor must wait for a return. How it works In this method, cash flow predictions are discounted, or reduced, to adjust for the risk the investor faces and to make up for the fact that the investor could invest their money in something else. Investors are looking to be compensated for their risk, and their benchmark rate â€" or "discount rate" â€" will adjust for the value of money over time. They will choose a discount rate and compare your proposal against that rate. Advantages and disadvantages The discounted cash flow method allows values to be estimated even when your cash flow is fluctuating. A start-up or new venture may expect to lose money in the first years and then make money in later years. These changes in cash flow are taken into account by the discounted cash flow method. If you use this method, keep in mind that: Its accuracy depends on the accuracy of your cash flow projections. That is why your financial data and assumptions are critical. It is a complex process, so you may require professional guidance. It can give you detailed estimates, but it is important to remember that business valuation is not an exact science â€" your numbers will be based on assumptions and predictions of future performance. How much is your business worth today? To them, your business is worth today what it can earn during those five years, plus their share of the value of the business at the end of the five years. However, future cash flow numbers and the future value of the business are unknown. The discounted cash flow method applies adjustments or "discounts" to account for those unknowns. Using this method, the value is the total of the cash flows, adjusted or discounted, plus the value remaining or residual value , also discounted. What rate of return will the investor expect? Investors want to calculate their rate of return. To do that they must compare the amount of the investment to the amount they will earn at the end of the investment period. But how can they know what they will earn in the future? Again, they must use the discounted cash flow projections to estimate the future value of their investment. To do so, they will need to: Estimate the cash flow in the final year Estimate the value of the business based on the cash flow Calculate the final value of their share in the business Determine their rate of return Value, return and exit strategy The method used to calculate values and rates of return depends on the specific exit strategy used. Commonly-used methods include going-concern value, book value, and liquidation value. How it works The going concern value, like discounted cash flow, compares the current investment to the future receipts cash inflows. This method uses the revenues of previous years to project future revenues, and it assumes those revenues will not change. Book value can be described as the historical value of an asset that, at a given time the day it was purchased , represented the economic or market value of the asset, less its accumulated depreciation. How it works To determine the book value, subtract your liabilities from the value of your assets. Liquidation value A liquidation value is assigned to a business being sold in order to satisfy its creditors. Tangible assets, such as land, usually have a liquidation value close to their market value. Inventories and accounts receivable, on the other hand, are usually valued at less than what is shown in the books. How it works To determine the liquidation value, all assets are assigned distressed values, and all debts are totalled at book value. Most assets sold under duress are discounted from their fair market value. The difference between the distressed value of the assets and the actual or book value of the liabilities is referred to as the liquidation value. This method is typically used only if a business is in serious financial trouble. Should I seek a financial advisor for help with valuation? Business valuation is a complex task, and a financial advisor with experience in business valuation can be an invaluable asset. A professional valuator can: Remember that many factors affect the value of your business. Seeking professional assistance can help you calculate an accurate value for your business.

Chapter 5 : 10 Business Valuation Calculators To Gauge Business Value - Small Business Trends

What is the value of my business? Similar to bond or real estate valuations, the value of a business can be expressed as the present value of expected future earnings. Use this calculator to determine the value of your business today based on discounted future cash flows with consideration to "excess compensation" paid to owners, level of risk.

Such discretion detracts from the objectivity of this approach, in the minds of some critics. Indeed, since the WACC captures the risk of the subject business itself, the existing or contemplated capital structures, rather than industry averages, are the appropriate choices for business valuation. Once the capitalization rate or discount rate is determined, it must be applied to an appropriate economic income stream: The result of this formula is the indicated value before discounts. Before moving on to calculate discounts, however, the valuation professional must consider the indicated value under the asset and market approaches. Careful matching of the discount rate to the appropriate measure of economic income is critical to the accuracy of the business valuation results. Net cash flow is a frequent choice in professionally conducted business appraisals. The rationale behind this choice is that this earnings basis corresponds to the equity discount rate derived from the Build-Up or CAPM models: At the same time, the discount rates are generally also derived from the public capital markets data. Build-Up Method[edit] The Build-Up Method is a widely recognized method of determining the after-tax net cash flow discount rate, which in turn yields the capitalization rate. The figures used in the Build-Up Method are derived from various sources. This method is called a "build-up" method because it is the sum of risks associated with various classes of assets. It is based on the principle that investors would require a greater return on classes of assets that are more risky. The first element of a Build-Up capitalization rate is the risk-free rate, which is the rate of return for long-term government bonds. Investors who buy large-cap equity stocks, which are inherently more risky than long-term government bonds, require a greater return, so the next element of the Build-Up method is the equity risk premium. The sum of the risk-free rate and the equity risk premium yields the long-term average market rate of return on large public company stocks. Similarly, investors who invest in small cap stocks, which are riskier than blue-chip stocks, require a greater return, called the "size premium. By adding the first three elements of a Build-Up discount rate, we can determine the rate of return that investors would require on their investments in small public company stocks. These three elements of the Build-Up discount rate are known collectively as the "systematic risks. It arises from external factors and affect every type of investment in the economy. As a result, investors taking systematic risk are rewarded by an additional premium. In addition to systematic risks, the discount rate must include "unsystematic risk" representing that portion of total investment risk that can be avoided through diversification. Public capital markets do not provide evidence of unsystematic risk since investors that fail to diversify cannot expect additional returns. Unsystematic risk falls into two categories. One of those categories is the "industry risk premium". It is also known as idiosyncratic risk and can be observed by studying the returns of a group of companies operating in the same industry sector. The other category of unsystematic risk is referred to as "company specific risk. However, as of late , new research has been able to quantify, or isolate, this risk for publicly traded stocks through the use of Total Beta calculations. Pinkerton have outlined a procedure which sets the following two equations together: While it is possible to isolate the company-specific risk premium as shown above, many appraisers just key in on the total cost of equity TCOE provided by the following equation: It is similar to using the market approach in the income approach instead of adding separate and potentially redundant measures of risk in the build-up approach. The use of total beta developed by Aswath Damodaran is a relatively new concept. It is, however, gaining acceptance in the business valuation community since it is based on modern portfolio theory. Total beta can help appraisers develop a cost of capital who were content to use their intuition alone when previously adding a purely subjective company-specific risk premium in the build-up approach. It is important to understand why this capitalization rate for small, privately held companies is significantly higher than the return that an investor might expect to receive from other common types of investments, such as money market accounts, mutual funds, or even real estate. Those investments involve substantially lower levels of risk than an investment in a closely held company. Depository accounts are insured by the federal government up to certain limits ; mutual funds are composed of publicly traded stocks, for which risk can be substantially minimized through portfolio diversification. Closely held companies , on the other hand, frequently fail for a variety of reasons too numerous to name. Examples of the risk can be witnessed in the storefronts on every Main Street in America. There are no federal guarantees. The risk of investing in a private company cannot be reduced through diversification, and most businesses do not own the type of hard assets that can ensure capital appreciation over time. This is why investors demand a much higher return on their investment in closely held businesses; such investments are inherently much more risky. This paragraph is biased, presuming that by the mere fact that a company is closely held, it is prone towards failure. Asset-based approaches[edit] The value of asset-based analysis of a business is equal to the sum of its parts. That is the theory underlying the asset-based approaches to business valuation. The asset approach to business valuation reported on the books of the subject company at their acquisition value, net of depreciation where applicable. These values must be adjusted to fair market value wherever possible. For this reason, the asset-based approach is not the most probative method of determining the value of going business concerns. In these cases, the asset-based approach yields a result that is probably lesser than the fair market value of the business. In considering an asset-based approach, the valuation professional must consider whether the shareholder whose interest is being valued would have any authority to access the value of the assets directly. Shareholders own shares in a corporation, but not its assets, which are owned by the corporation. A controlling shareholder may have the authority to direct the corporation to sell all or part of the assets it owns and to distribute the proceeds to the shareholder s. The non-controlling shareholder, however, lacks this authority and cannot access the value of the assets. The asset based approach is the entry barrier value and should preferably to be used in businesses having mature or declining growth cycle and is more suitable for capital intensive industry. Adjusted net book value may be the most relevant standard of value where liquidation is imminent or ongoing; where a company earnings or cash flow are nominal, negative or worth less than its assets; or where net book value is standard in the industry in which the company operates. The adjusted net book value may also be used as a "sanity check" when compared to other methods of valuation, such as the income and market approaches Valuation using multiples The market approach to business valuation is rooted in the economic principle of competition: Buyers would not pay more for the business, and the sellers will not accept less, than the price of a comparable business enterprise. The buyers and sellers are assumed to be equally well informed and acting in their own interests to conclude a transaction. It is similar in many respects to the "comparable sales" method that is commonly used in real estate appraisal. The market price of the stocks of publicly traded companies engaged in the same or a similar line of business, whose shares are actively traded in a free and open market, can be a valid indicator of value when the transactions in which stocks are traded are sufficiently similar to permit meaningful comparison. The difficulty lies in identifying public companies that are sufficiently comparable to the subject company for this purpose. Also, as for a private company , the equity is less liquid in other words its stocks are less easy to buy or sell than for a public company , its value is considered to be slightly lower than such a market-based valuation would give. When there is a lack of comparison with direct competition, a meaningful alternative could be a vertical value-chain approach where the subject company is compared with, for example, a known downstream industry to have a good feel of its value by building useful correlations with its downstream companies. Such comparison often reveals useful insights which help business analysts better understand performance relationship between the subject company and its downstream industry. For example, if a growing subject company is in an industry more concentrated than its downstream industry with a high degree of interdependence, one should logically expect the subject company performs better than the downstream industry in terms of growth, margins and risk. Guideline Public Company method[edit] Guideline Public Company method entails a comparison of the subject company to publicly traded companies. The public companies identified for comparison purposes should be similar to the subject company in terms of industry, product lines, market, growth, margins and risk. However, if the subject company is privately owned, its value must be adjusted for lack of marketability. This is usually represented by a discount, or a percentage reduction in the value of the company when compared to its publicly traded counterparts. This reflects the higher risk associated with holding stock in a private company. The difference in value can be quantified by applying a discount for lack of marketability. This discount is determined by studying prices paid for shares of ownership in private companies that eventually offer their stock in a public offering. Alternatively, the lack of marketability can be assessed by comparing the prices paid for restricted shares to fully marketable shares of stock of public companies. Option pricing approaches[edit] As above , in certain cases equity may be valued by applying the techniques and frameworks developed for financial options , via a real options framework. In general, equity may be viewed as a call option on the firm, [7] and this allows for the valuation of troubled firms which may otherwise be difficult to analyse. Of course, where firm value is greater than debt value, the shareholders would choose to repay i. Thus analogous to out the money options which nevertheless have value, equity will may have value even if the value of the firm falls well below the face value of the outstanding debtâ€"and this value can should be determined using the appropriate option valuation technique. A further application of this principle is the analysis of principalâ€"agent problems ; [4] see contract design under principalâ€"agent problem. Certain business situations, and the parent firms in those cases, are also logically analysed under an options framework; see "Applications" under the Real options valuation references. Just as a financial option gives its owner the right, but not the obligation, to buy or sell a security at a given price, companies that make strategic investments have the right, but not the obligation, to exploit opportunities in the future; management will of course only exercise where this makes economic sense. Thus, for companies facing uncertainty of this type, the stock price may should be seen as the sum of the value of existing businesses i. A common application is to natural resource investments. The value of the resource is then the difference between the value of the asset and the cost associated with developing the resource. Where positive " in the money " management will undertake the development, and will not do so otherwise, and a resource project is thus effectively a call option. A resource firm may should therefore also be analysed using the options approach. Specifically, the value of the firm comprises the value of already active projects determined via DCF valuation or other standard techniques and undeveloped reserves as analysed using the real options framework. Product patents may also be valued as options, and the value of firms holding these patents â€" typically firms in the bio-science , technology , and pharmaceutical sectors â€" can should similarly be viewed as the sum of the value of products in place and the portfolio of patents yet to be deployed. Similar analysis may be applied to options on films or other works of intellectual property and the valuation of film studios. Cultural valuation method[edit] Besides mathematical approaches for the valuation of companies a rather unknown method includes also the cultural aspect. The so-called Cultural valuation method Cultural Due Diligence seeks to combine existing knowledge, motivation and internal culture with the results of a net-asset-value method. Especially during a company takeover uncovering hidden problems is of high importance for a later success of the business venture. Discounts and premiums[edit] The valuation approaches yield the fair market value of the Company as a whole. In valuing a minority, non-controlling interest in a business, however, the valuation professional must consider the applicability of discounts that affect such interests. Discussions of discounts and premiums frequently begin with a review of the "levels of value". There are three common levels of value: The intermediate level, marketable minority interest, is less than the controlling interest level and higher than the non-marketable minority interest level. The marketable minority interest level represents the perceived value of equity interests that are freely traded without any restrictions. Some of the prerogatives of control include:

Chapter 6 : Business valuation - Wikipedia

Business Value. As a business owner, you probably play a major role in keeping your business up and running day to day. But if an illness or injury kept you from working for an extended period of time, could your partner afford to buy you out?

August 16, by Thomas Smale Leave a Comment This article is part of our Valuation by Business Model series, in which we provide you with information on what makes your particular business model unique when it comes to valuation. To get a valuation from our expert team, click here. E-commerce is often the first business model that comes to mind when people think about monetized websites. Today there are plenty of third-party fulfillment services that can make packaging and shipping orders easy and inexpensive. If an owner happens to have a warehouse and handles fulfillment internally but has successfully removed themselves from the operation, fulfillment has a neutral effect on valuation. There are aspects to in-house fulfillment e. However, even if operations are hired out, owning or renting warehouse space and managing the process is likely to be more time consuming than using a third-party service. Given the choice between using a third-party service and running your own fulfillment, you should choose a service. Reliable Product Source is Important Having a product line that stands out among a sea of items for sale online is key. In order to determine the reliability of your product source, you should consider: Does the product require some expertise to obtain? How likely is it that your current supplier will go out of business or stop selling a core product? If that happened, how easy would it be to order the product s elsewhere? If you answered yes to the first question and negatively to the second two, your product source is likely a problem that will have a negative effect on valuation. Branding Can Add Value The strength of the e-commerce brand and its reputation can play a significant part in the valuation process, as customer loyalty is harder than ever to foster. This is particularly true in saturated niches, such as fitness. A strong brand can lead to repeat sales, which is desirable. The age and strength of the brand is a key differentiator and valuator for an e-commerce business. Otherwise, extra inventory can be a costly lump sum that gets added onto a sale price â€” without giving the seller extra profit. Gross Margin Must Be Healthy An experienced buyer will know that e-commerce businesses tend to have lower profit margin when compared to content websites or SaaS operations, but gross and net margins still need to be wide enough for a buyer to feel comfortable taking over. Low profit margins are a sign that a business may be competing on price alone, rather than brand uniqueness or perceived value. This is the case with about three-quarters of monetized sites. The remainder often rely on paid advertising, whether through their FBA fees or because they sell high-margin items that necessitate more power â€” i. The image below shows a website that gets a steady amount of traffic. The image below is an example of a bad analytics profile. When looking at both paid and organic, your conversion rate and average order value are both important metrics. For paid, they determine how much you can afford to pay per visitor. For organic, these metrics give you a more general idea of how much you could spend on future advertising and marketing, while still maintaining a profit. Mobile optimization can also be a factor, as buyers will be looking for sites that are future-proofed. The future of e-commerce is mobile device use â€” smartphones and tablets. Good navigation, ease of use, and optimized checkout processes are key to capturing mobile customers, and buyers will be assessing this aspect of your business. Product Concentration is a Fine Balance This is a major point of evaluation with an e-commerce business. As such, we recommend that e-commerce owners identify their core products and stock little more than those, leaving some room for expansion in case customer tastes change. Operations, product and source concentration, traffic and branding all play a role. However, only an experienced advisor can give you an accurate valuation, so get in touch with us today to talk to one of our valuation experts.

Chapter 7 : Business valuation: What's your company worth? | www.nxgvision.com

Five steps to establish your business worth. Business valuation is a process that follows a number of key steps starting *with the definition of the task at hand and leading to the business value conclusion.*

Chapter 8 : E-Commerce Valuation: How Much is my E-Commerce Business Worth? - FE International

Advantage Business Valuations is the #1 resource for small to mid-sized business owners to discover the value of their business. Whether you are looking to sell your business, evaluate the proposal from a potential business buyer, or assess whether it is worth selling your business now or in the future, Advantage Business Valuations allows you.

Chapter 9 : Business Valuation

Business valuation is a process and a set of procedures used to estimate the economic value of an owner's interest in a business. Valuation is used by financial market participants to determine the price they are willing to pay or receive to effect a sale of a business.