

BUSINESS VALUATION

Business: _____ Date: _____

4-POINT BUSINESS VALUATION METHOD

The 4-POINT method provides the most comprehensive and accurate value for small businesses based on the following 4 components:
ADJUSTED NET PROFIT: From Adj. Net Profit Worksheets which adjust net profit from P&L statements to reflect a Buyer' anticipated net profit.
ADJUSTED NET MULTIPLE: Buyer's will pay more for a level of income above a "Living Wage" and less for a level below it.
INDUSTRY DEMAND: Reflects the demand for a specific category based on national business sales comparables ("comps") for the industry.
KEY ATTRIBUTES: Takes into account the 7 key attributes unique to each business and adjusts the multiple accordingly.

ADJ. NET PROFIT		ADJ. NET MULTIPLE		INDUSTRY DEMAND		KEY ATTRIBUTES	MARKET VALUE
\$ _____	x	_____	x	_____	x	_____	⇒ \$ _____ Financed by Seller or SBA
							⇒ \$ _____ All Cash 10% Discount

ADJ. NET MULTIPLE

\$10,000	0.50	\$110,000	1.05	\$210,000	1.25	\$310,000	1.40
\$20,000	0.60	\$120,000	1.10	\$220,000	1.25	\$320,000	1.40
\$30,000	0.70	\$130,000	1.10	\$230,000	1.25	\$330,000	1.40
\$40,000	0.75	\$140,000	1.15	\$240,000	1.30	\$340,000	1.50
\$50,000	0.80	\$150,000	1.15	\$250,000	1.30	\$350,000	1.50
\$60,000	0.85	\$160,000	1.15	\$260,000	1.30	\$360,000	1.50
\$70,000	0.90	\$170,000	1.20	\$270,000	1.35	\$370,000	1.55
\$80,000	0.95	\$180,000	1.20	\$280,000	1.35	\$380,000	1.55
\$90,000	1.00	\$190,000	1.20	\$290,000	1.35	\$390,000	1.55
\$100,000	1.05	\$200,000	1.25	\$300,000	1.40	\$400,000+	1.60

Multiple

INDUSTRY DEMAND

Retail	2.00	Manufacturing	2.30	Food Service	2.00	Franchise	2.50
Service	2.00	Distribution	1.80	Profession Practice	3.00	Other:	

Owner Manager

Owner Skilled (80%)

KEY ATTRIBUTES

1. RENT	15%+ above market	0.80	Market	1.00	15%+ below market	1.20
2. ESTABLISHED	Less than 3 years	0.80	3 to 15 years	1.00	More than 15 years	1.20
3. LOCATION	Low traffic	0.80	Moderate traffic	1.00	High traffic	1.20
4. PROFIT TREND	5%+ decline	0.80	Steady	1.00	10%+ growth	1.20
5. TRAINING REQUIRED	More than 4 weeks	0.80	2 to 4 weeks	1.00	Less than 2 weeks	1.20
6. OWNER HOURS	More than 50/week	0.80	30 to 50 /week	1.00	Less than 30 /week	1.20
7. LEASE TERM	Less than 8 years	0.80	8 to 12 years	1.00	More than 12 years	1.20

Total

Multiple (Total/7)