

## Determining Your Company's Undocumented Value

Business appraisals are not one-dimensional. In fact, a good business appraisal is one that factors in a wide range of variables in order to achieve an accurate result. Indisputable records ranging from comparables and projections to EBITDA multiples, discount rates and a good deal more are all factored in.

It is important to remember that while an appraiser may feel that he or she has all the information necessary, it is still possible they have overlooked key information. Business appraisers must understand the purpose of their appraisal before beginning the process. All too often appraisers are unaware of important additional factors and considerations that could enhance or even devalue a business's worth.



### **There Can Be Unwritten Value**

Value isn't always "black and white." Instead, many factors can determine value. Prospective buyers may be looking at variables, such as profitability, depth of management and market share, but there can be more that determines value.

Here are some of the factors to consider when determining value: How much market competition is there? Does the business have potential beyond its current niche? Are there a variety of vendors? Does the company have easy access to its target audience? At the end of the day, what is the company's competitive advantage? Is pricing in line with the demographic served? These are just some of the key questions that you'll want to consider when evaluating a company.

## **There are Ways to Increase Both Valuation and Success**

No doubt, successful businesses didn't get that way by accident. A successful business is one that is customer focused and has company-wide values. Brian Tracy's excellent book, "The 100 Absolutely Unbreakable Laws of Business," notes that it is critical for businesses to have a company-wide focus on three key pillars: marketing, sales and, of course, revenue generation. Tracy also points out that trends can be seen as the single most vital factor and bottom-line contributor to any company's success and, ultimately, valuation. For 2018 and beyond, projected trends include an increase in video marketing, the use of crowdfunding as a means of product validation and more.

## **No Replacement for Understanding Trends**

If a company doesn't understand trends, then it can't understand both the market as it stands and as it may be tomorrow. Savvy business owners understand today's trends and strive to capitalize on the mistakes of their competitors while simultaneously learning from their competitors' successes. Tracy accurately states that while there are many variables in determining value, finding and retaining the best people is absolutely essential. One of the greatest assets that any company has is, in the end, its people.

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