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For Buyers and Sellers of Businesses- \$0-100MM Revenue

Business Team Newsletter

Fall Edition

Scroll down to see sold and new listings.

How to Price and Value a Business



By Ian MacLachlan

There are many, many methodologies in valuing small to medium (\$10-50mm Revenue) companies. To name just a few, there are rules of thumb, present values of future earnings, multiple of EBIDTA, multiple of SDE, and comparable sales. Each method has its own rules and guidelines but there are quite a lot of variations in interpretation among valuation practitioners.

Rules of Thumb:

Although still used by some because of their simplicity, they are based upon transactions that may have occurred decades ago. Commercial janitorial maintenance businesses that are valued at x times the monthly billing, is an example.

Present Value of Future Earnings- This method along with EBITDA and SDE methods requires calculating cash flows post-sale, from recent financial history. It goes one step further out though, than the other two methods in that it projects

earnings a number of future years, assuming some growth rate, adds it all up, and discounts to present value. Although often part of a formal valuation it is probably the least useful (projecting earnings five years out for a small business is pure speculation).

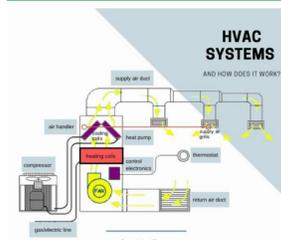
Multiples of EBITDA and SDE also require projecting cash flow, post sale with the latter taking out manager compensation for owners who operate the businesses. Which multiple to use however can vary considerably and for larger businesses can vary pricing by millions of dollars.

Comparable sales is the most reliable approach to predicting what a business may sell for but it depends on both the quantity and reliability of sold business data. Unlike real estate transactions, the sale price of a business is not public data. However, there are a few companies that collect data from business brokers for SBA-funded transactions and sell subscriptions to business brokers and others. (Business Team has its own sold database containing 7000+ transactions). The accuracy and information about sold businesses can vary. For some types of businesses, there is little or no data. To improve accuracy, information from several databases should be compared and if sufficient and consistent the suggested valuation can be an accurate prediction of the eventual sale price.

Of course, it is the buyer that finally determines the value, but the business must be available to as many potential buyers as possible in order for the market to function and a sale to occur at or near the appraised value.

Done Deal!

Recently Sold



• **SOLD**

HVAC Business
Sale Price: \$3,300,000

Web: Business-team.com

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BusinessTeam[™]
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Recently Sold



• **SOLD**

**Top Bridal Shop in
the Bay Area**
Sale Price: \$1,150,000
Web: Business-team.com

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BusinessTeam[™]
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Recently Sold



Kids Indoor Play Place

Sale Price: \$1,100,000
Web: Business-team.com



• SOLD

Recently Sold



Information Technology Service Provider

Sale Price: \$1,100,000
Web: Business-team.com



• SOLD

Recently Sold



Kids Indoor Play Place 2nd Location

Sale Price: \$1,000,000
Web: Business-team.com



• SOLD

Recently Sold



High-End Consignment Store

Sale Price: \$370,000

Web: Business-team.com



• SOLD

Recently Sold



Family Owned Restaurant/Bar

Sale Price: \$625,000
Web: Business-team.com



• SOLD

Recently Sold



Screen Printing & Embroidery

Sale Price: \$95,000

Web: Business-team.com



• SOLD

Recently Sold



Landscaping Maintenance Company

Sale Date: 6/12/2023
Web: Business-team.com



• SOLD

Recently Sold



Drive Thru Coffee

Sale Date: 8/4/2023

Web: Business-team.com



• SOLD

Businesses for Sale



Award Winning Landscape Business for Sale

Listing #:10382
Location: Northern California
Gross Sales: \$3,399,710
Adjusted Earnings: \$596,787
Asking Price: \$1,599,000



Specialized Construction Supplier

Listing #: 10753
Location: Northern California
Gross Sales: \$20,048,158
Adjusted Earnings: \$2,963,320
Asking Price: \$5,000,000



Wholesale Aftermarket Collision Parts

Listing #:10856
Location: Northern California
Gross Sales: \$3,954,641
Adjusted Earnings: \$324,358
Asking Price: \$1,200,000



Building Supply, Top Volume.

Absentee Run
Listing #:10977
Location: Northern California
Gross Sales: \$6,106,293
Adjusted Earnings: \$475,708
Asking Price: \$1,400,000



Exclusive Winery, Vineyard, & Wine Club

Listing #: EG10183
Location: Oregon
Gross Sales: \$759,686
Adjusted Earnings: \$174,802
Asking Price: \$6,600,000



Leading Kitchen & Bath Cabinetry. Over \$1m SDE

Listing #:10740
Location: Northern California
Gross Sales:\$2,508,733
Adjusted Earnings:\$651,265
Asking Price \$2,500,000



Profitable Retail Spa and Hot Tub

High Profit Independent Grocery Store

Listing #: ST10780
Location: Northern California
Gross Sales \$17,467,745
Adjusted Earnings: \$1,012,973
Asking Price: \$6,000,000



Specialty Wholesale Food Distributor

Listing #: PH11040
Location: Northern California
Gross Sales: \$4,929,988
Adjusted Earnings: \$458,473
Asking Price: \$2,950,000



Boutique Spa-\$500k+ Profit

Listing #: 11120
Location: Northern California
Gross Sales: \$2,534,850
Adjusted Earnings: \$434,706
Asking Price: \$1,545,000



Franchise Bakery Cafe, SBA

Pre-approved

Listing #: 10953
Location: Northern California
Gross Sales: \$1,443,786
Adjusted Earnings: \$133,548
Asking Price: \$990,000

Business

Listing #: SA10918
Location: Northern California
Gross Sales: \$2,706,593
Adjusted Earnings: \$516,311
Asking Price: \$1,300,000



Semiconductor Equipment

Manufacturer

Listing #:11013
Location: Northern California
Gross Sales: \$6,231,658
Adjusted Earnings: \$981,917
Asking Price:\$6,500,000



Janitorial & Construction Maintenance

Listing #: 11094
Location: Northern California
Gross Sales: \$3,126,628
Adjusted Earnings: \$400,306
Asking Price:\$1,000,000



LCB Design Firm with Equipment &

Full Crew

Listing #: EG10796
Location: Oregon
Gross Sales: \$1,484,585
Adjusted Earnings: \$250,143
Asking Price:\$899,000



Non-Surgical Hair Replacement

Specialists

Listing #: 11091

Location: Northern California

Gross Sales: \$1,556,447

Adjusted Earnings: \$380,245

Asking Price: \$1,125,000



Profitable Kitchen & Bath Design

Business

Listing #: 10997

Location: Northern California

Gross Sales: \$1,514,684

Adjusted Earnings: \$233,333

Asking Price: \$510,000

Meet the Team



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[Read More!](#)

This Fall 2023 Business Team newsletter profiles Belma Dizdarevic, who celebrated her 10th anniversary with us in August! When Belma was a young child, she and her family fled war-torn Bosnia and immigrated to the US. Joining Business Team in 2013 as an administrative assistant, she soon obtained her California Real Estate license. A few years later, she became managing director of Business Team's Sacramento/Roseville branch, one of our best-performing offices. This Summer she spent a few weeks in Paris, the finishing touch for her Master's in Business Administration degree!

SEE ALL
7,000+
LISTINGS BTI
GROUP HAS
SOLD

For additional information, please visit our website.
www.business-team.com

[SEE ALL LISTINGS](#)



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