

The background features a dark blue gradient with abstract white lines. These lines are most prominent in the top-left and bottom-right corners, where they form a series of curved, radiating paths that suggest motion or a network. The lines are thin and vary in density, creating a sense of depth and complexity.

Clear **PATH** To Cash  
*More Money, More Time, Better Business*

The Simple Valuation  
Formula

This chart helps you get in the “ballpark” for the average multiple used to value small private businesses. There are many factors that play into calculating a multiple, so these numbers can be used as a rule of thumb.

	EBITDA		
	\$0M - \$1M	\$2M - \$5M	\$6M - \$10M
Manufacturing	4.0	5.0	6.0
Construction & engineering	3.5	4.5	5.5
Cons. goods & services	4.0	5.5	5.8
Wholesale & distribution	4.5	6.0	6.0
Business services	4.0	5.3	7.0
Industry Basic materials & energy	3.3	4.0	5.0
Healthcare & biotech	5.5	6.0	7.0
IT	6.5	8.0	8.0
Financial services	5.5	6.5	7.0
Media & entertainment	n/a	5.0	7.5
<b>Average</b>	<b>4.5</b>	<b>5.6</b>	<b>6.5</b>

There are about 12 different ways to value your business. I typically use these two as a guide to estimate where my business is. I use these two approaches because the asset approach typically helps me set the bottom limit of my range, while the earnings approach gets me closer to market value. Use this worksheet at least once per year to track your progress.

## Asset Approach

Book Value

Adjusted Book Value

Asset Approach

Accounts Receivable (20%)	<input type="text"/>
Inventory (50%)	<input type="text"/>
Fixed Asset Sales Cost (10%)	<input type="text"/>
3 Months Operating Expense	<input type="text"/>

Liquidation Discount

Bottom Line Market Value

## Earnings Approach

Earnings	+	<input type="text"/>
Interest	+	<input type="text"/>
Interest	+	<input type="text"/>
Interest	+	<input type="text"/>
Depreciation	+	<input type="text"/>
Amortization	=	<input type="text"/>
EBITDA	=	<input type="text"/>

(Cap X)

Family Excess

Free Cash Flow

Multiple

Market Value

(Long Term Debt)

EQUITY VALUE