



Local News

Accuracy key in valuing small business

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When you first contemplated becoming an entrepreneur, you probably spent some time calculating how much your time was worth. Now, you may be wondering how much this business that you've built is worth.

There are many reasons for determining the value of your small business. You may be ready to raise capital by issuing stock or selling a portion of the business to a prospective partner. An appraisal may also be needed in order to spin off a portion of your business, settle a dispute or divorce, liquidate some assets or sell the business entirely.

Accurately valuing a small business, however, can be complicated. Most entrepreneurs are capable of boosting the value of their businesses by 40 percent simply by paying attention to the things that make a business valuable.

Too often, business owners brush aside valuations, believing them necessary only if they decide to sell. As a result, only about one in 20 small businesses have done a formal valuation, according to the National Association of Certified Valuation Analysts.

You can determine the value of a business in many different ways, from quick and inexpensive software-based calculations you do yourself to full-scale, certified valuations by professionals. The price range is enormous, from as little as \$15 for the simplest software to thousands of dollars for a detailed analysis performed by certified pros. Business brokers, hoping to sell your business, may even do them for free.

Try to match the person or method you use for a valuation with the reason you are doing it. If the valuation is for loan purposes, for example, look for someone who's done small business valuations for that purpose.

The National Association of Certified Valuation Analysts offers a free service online to help you find a business valuation expert in your area. Look for the "Value of Your Business?" www.nacva.com. You'll also find links to other business valuation data resources and services.

PriceYourBusiness.com offers simple, online small business valuation software that allows business owners to determine their highest business worth quickly, accurately and at their convenience. The company also offers consulting services to help small business owners with a wide range of financial issues.

To contact the local SCORE chapter, call Cornerstone Alliance at 925-6100 or go on the Web to www.scoremichigansgreatsouthwest.org.

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