



BUILDING VALUE & SALEABILITY INTO YOUR BUSINESS

Understanding the Key Factors That Drive Business Valuation,
Saleability, And How Buyers Evaluate Your Business:

This guide explains the core elements that influence how valuable, transferable, and sale-ready your business is. Each category in the worksheet is a major factor that buyers consider when determining the strength and worth of a business. By understanding these elements, you gain clarity on what drives long-term value and what improvements will have the greatest impact.

How Scoring Works:

Each factor is weighted based on its impact on business value. Higher scores indicate stronger performance and a more sale-ready business. After scoring each factor, the total will determine your overall saleability:

9.0 – 10.0: High

7.0 – 8.9: Good

6.0 – 6.9: Average

Below 5.9: Poor

The purpose of this worksheet is not just valuation but to outline a clear roadmap for increasing the long-term value of your business, improving profitability, and preparing for eventual sale or succession.

Key Factors: What Buyers Evaluate Your Business On

Clean Books — Financial Transparency & Accuracy

Clean, organized books are one of the strongest predictors of business value. Buyers want confidence in the numbers before they ever consider a purchase.

- Demonstrates financial health, profitability, and stability
- Helps buyers verify revenue, expenses, margins, and cash flow
- Reduces due-diligence friction and legal/accounting costs
- Eliminates “owner-dependent knowledge” — facts are documented
- Increases trust that the business is accurately represented
- Allows for easier transfer of systems, payroll, taxes, and reporting

Businesses with poor or messy books often **lose 30–50% of their valuation** instantly.

Trained Staff & CRM Usage — Operational Independence & Systemization

This category measures how well your business operates without your direct involvement, and whether it's systems are strong enough that a new owner can step in without disruption.

- All customer info and operational workflows are stored in one place, the new owner can step in and run the business immediately
- Reflects the business's ability to scale, take on more work, or add techs
- Reduces business risk by avoiding single-point dependency
- A key factor distinguishing a sellable business from an owner-dependent job
- Increases buyer confidence that the business won't collapse during handover

Cash Flow Growth — Ability to Generate Increasing Cash Over Time

Strong cash flow growth shows stable demand, healthy pricing, and efficient operations, making the business more predictable and attractive to buyers.

- Shows strong demand for services and market presence
- Suggests efficient pricing and operational improvements
- Reduces risk that the business will shrink post-sale
- Makes financial performance more predictable
- Allows the buyer to forecast returns and make investment decisions

Reputation — Trust, Credibility & Market Perception

Reviews, customer satisfaction, and online presence all impact market perception. A strong reputation reduces buyer concern and increases marketability.

- Online reviews (Google, Facebook, BBB), average rating, and volume
 - Customer sentiment: complaints, word-of-mouth
 - Reliability and professionalism of service and communication
 - Strong reputation reduces buyer fears and instills confidence
 - Reduces the marketing spend required to generate new business
-

Key Factors: What Buyers Evaluate Your Business On

EBITDA — True Operational Profitability

EBITDA (earnings before Interest, taxes, depreciation, and amortization) reflects the business's core profitability from day-to-day operations, removing the effects of financing, taxes, and non-cash expenses. It gives buyers a accurate picture of how much money the business actually earns. Higher EBITDA signals strong operational performance and leads to higher valuation multiples.

- Represents core profitability from daily operations
- Allows buyers to compare your business to others in the industry
- Standard valuation multiples (e.g., 2x–4x EBITDA) are based on this metric
- Buyers use it to justify financing and lender approval
- Because EBITDA excludes one-off or owner-specific expenses, it shows the true economic engine of the business
- Higher EBITDA = higher sale price
- EBITDA is often the single strongest driver of valuation multiples.

Owner Income — Financial Benefit to the Owner

Beyond company profit, buyers look at “SDE” (Seller’s Discretionary Earnings) — basically, what the owner earns.

- Shows how financially rewarding the business is
- Helps buyers calculate the payback period (how long until they recover their investment)
- A strong owner income implies healthy margins and pricing discipline
- If the owner is paid well, the business is typically stable and profitable
- Ensures the business can support a new owner full-time or hire a manager
- Businesses with weak owner income appear risky or unattractive.

Growth Trajectory — Momentum & Future Potential

Evaluates whether the business is trending upward, staying flat, or declining over the past several years. A strong growth trajectory shows momentum, market demand, and a solid foundation for future expansion. Buyers place a premium on businesses with positive trends because they are easier to scale, more resilient, and offer greater long-term earning potential. Steady or declining performance increases risk and lowers valuation.

- Buyers want businesses trending up, not stagnating or declining
 - Shows resilience through different seasons or economic periods
 - Predicts future revenue and profitability
 - Growth supports higher multiples because buyers expect continued performance
 - Indicates strong market position, brand strength, and competitive advantage
 - A declining or flat trajectory often signals operational issues
 - Positive growth = confidence. Negative growth = negotiation leverage against you.
-

Building Value into your Business Worksheet

Assess where your factors rate to determine your saleability

Clean Books

- 10 Up-to-date, accurate, and completely separate personal and business books
- 8 Up-to-date and accurate books
- 6 Accurate books
- 4 Little attention paid to bookkeeping but had a general idea on where to get the info
- 1 No current book keeping system. Do not know where they are financially

Weight | Factor | Score

5% x =

Trained Staff & CRM Usage (owner can walk away from the business and it still runs)

- 10 Owner can step away from the business for 1 month, Full CRM Usage
- 8 Staff is trained and can complete jobs with little to no supervision, Full CRM usage
- 6 Staff is trained but still needs daily guidance - Partial CRM usage, Full client data base
- 4 Staff is poorly trained - Basic CRM usage, leads tracked, partial estimates.
- 1 Untrained staff or no staff - No CRM usage

Weight | Factor | Score

25% x =

Reputation

- 10 Over 100 reviews on all platforms and an average score of 4.8 or higher
- 8 Over 75 reviews on all platforms with an average score of 4.5 or higher
- 6 Over 50 reviews on all platforms with an average score of 4.3 or higher
- 4 Less than 50 reviews on all platforms with an average score lower than 4.0
- 1 Less than 10 reviews on all platforms with an average score of 3.5 or lower

Weight | Factor | Score

10% x =

Growth Trajectory

- 10 Average growth rate of 20% over last 3 years
- 8 Average growth rate of 15% over last 3 years
- 6 Average growth rate of 7% over last 3 years
- 4 No growth over the last 3 years
- 1 Average negative growth rate over the last 3 years

Weight | Factor | Score

15% x =

Owner Income

- 10 Owner income over \$100K per year
- 8 Owner income between \$80k-\$100k per year
- 6 Owner income between \$60k-\$79k per year
- 4 Owner income between \$20k - \$59k per year
- 1 Owner income less than \$20K per year

Weight | Factor | Score

10% x =

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)

- 10 Over \$150k and 35%
- 8 Between \$100k-\$149k and 30%
- 6 Between \$75k - \$99K and 25% Between
- 4 \$20k - \$74K and 20% Less than \$20K
- 1 and less than 20% profit

Weight | Factor | Score

15% x =

Increase Cash Flow Year Over Year

- 10 10% year over year (last 3 years)
- 8 7% year over year (last 3 years)
- 6 5% year over year (last 3 years)
- 4 3% year over year (last 3 years)
- 1 negative cash flow year over year (last 3 years)

Weight | Factor | Score

20% x =