

Business Valuation? I'll figure it out when I'm ready to retire.

I'll figure it out when I'm ready to retire, which is the day after never That is the response we get from small business owners when we ask how much their business is worth.

The wealth of nearly two-thirds (70%) of all small business owners is tied up in their business. For many of those individuals, the business becomes the personal retirement savings vehicle. Those individuals, however, could be driving blind. Without knowing the value of the business, how will they know when they can stop working or the lifestyle to expect in retirement?

Having the information needed to prepare adequately for retirement is just one of the many benefits to a business valuation. Here are several others:

- Increase value. What is measured improves, and valuation is no different than establishing and overseeing a sales quota. A comprehensive business valuation will provide owners with a clear explanation of the value of the business along with evidence to support the result. It can tell an owner if efforts need refocusing, or ... even better .. if the company is headed in the right direction. The data helps guide strategic decisions and business development plans and can even help an owner determine whether the right people are in place to support long-term goals.
- Capital infusion. Outside investors and lending institutions will evaluate the business plan, shareholders' agreement, investment memorandum, and valuation before investing or loaning capital.
- Mergers, acquisitions or share-swaps. A business valuation facilitates a negotiation between entities entertaining a possible merger, acquisition or share-swap.
- Dissolution of partnership or partial exit by an owner. When a business partnership goes bad or partners agree to part ways, the parties have to find a fair and equitable split of interests. Whether the weighting shares changes, one partner buys the other out, or the partnership gets dissolved, a business valuation will facilitate the process.
- Divorce. Business interests represent marital assets and could become part of an owner, partner, or shareholder's divorce settlement. Both spouses may approach the settlement proceedings with independent business valuation reports, so historical valuations could provide valuable insights.
- Tax strategies. A valuation report can lead to tax benefits an owner might not otherwise claim. A current valuation is also required for estate tax settlements, to calculate capital gains tax liabilities, and for income or property tax disputes.

- Employee incentive programs. A company must disclose its value to employee to satisfy annual requirements for Employee Stock Ownership Plans.
- Insurance planning. Nearly three-quarters (70%) of small businesses do not have adequate insurance coverage. When an owner doesn't know the value of his/her business, it is challenging to determine how much insurance is needed. Also, if an owner is injured or wrongfully distracted from business, a historical valuation could help recover losses.

While business owners are often stretched for time, when it comes to discovering how much the business is worth, there's no time like the present.

Our firm specializes in meeting the financial needs of small business owners, and business valuations is a critical step in our process.

To get started on your business valuation, simply go to <https://magnusbusinessgroup.bizequity.com/> or contact us directly!

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