

# Business Value Worksheet

Run the same math a buyer runs, in five steps. Use your most recent full year, then repeat for the two years before it.

## Step 1. Start with net profit from your tax return

Use the number on the return, not the bank balance. If it is not on the return, a buyer and a lender will not count it.

| Line                              | Amount   |
|-----------------------------------|----------|
| Net profit (from your tax return) | \$ _____ |

## Step 2. Add back what a new owner would not pay

Only include items you can document and explain in about a minute.

| Add back                              | Notes                                           | Amount   |
|---------------------------------------|-------------------------------------------------|----------|
| One owner's salary and payroll taxes  | One owner only, even if two partners work in it | \$ _____ |
| Owner's health insurance and benefits | Paid by the business for you                    | \$ _____ |
| Documented personal expenses          | Car, phone, meals; labeled in the books         | \$ _____ |
| Truly one time expenses               | A lawsuit, a move, a one time repair            | \$ _____ |
| Family on payroll above market wage   | Their pay minus what a replacement would cost   | \$ _____ |
| Interest, depreciation, amortization  | Financing and non cash items                    | \$ _____ |
| <b>Total add backs</b>                |                                                 | \$ _____ |

## Step 3. Seller's Discretionary Earnings (SDE)

| Calculation                                          | Amount   |
|------------------------------------------------------|----------|
| Net profit (Step 1) + Total add backs (Step 2) = SDE | \$ _____ |

**Larger business with a real management team?** Buyers often use EBITDA instead: SDE minus a market salary for a manager to replace you.

| Calculation                                                       | Amount   |
|-------------------------------------------------------------------|----------|
| SDE minus market wage for a replacement manager = Adjusted EBITDA | \$ _____ |

## Step 4. Pick a multiple range

The multiple depends on your size, industry, trend and risk. Circle what applies:

| Pushes your multiple UP      | Pushes your multiple DOWN          |
|------------------------------|------------------------------------|
| Runs without the owner       | Owner does everything              |
| Three years of steady growth | Revenue sliding or bouncing around |

| Pushes your multiple UP                | Pushes your multiple DOWN                  |
|----------------------------------------|--------------------------------------------|
| Customers spread out                   | One customer is a big share of revenue     |
| Clean books that match the tax returns | Messy books, cash not reported             |
| Written processes, trained team        | Everything lives in the owner's head       |
| Strong, assignable lease and contracts | Short lease, contracts that can't transfer |

## Step 5. Your rough value range

|                   | Low      | Middle   | High     |
|-------------------|----------|----------|----------|
| SDE (or EBITDA)   | \$ _____ | \$ _____ | \$ _____ |
| x Multiple        | _____ x  | _____ x  | _____ x  |
| = Estimated value | \$ _____ | \$ _____ | \$ _____ |

**Example from the video:** \$150K profit + \$100K salary + \$20K documented personal expenses = \$270K SDE. At 2.5x, that is about \$675K. Your multiple may be higher or lower.

Want to know where your real number lands, and what would raise it? Book a confidential call at [nexterabiz.com/book](https://nexterabiz.com/book).

This worksheet gives a rough estimate for education only. It is not an appraisal or a broker's opinion of value, and it is not tax, legal or financial advice. Actual value depends on the market, financing, deal terms and buyer due diligence.