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# 5 Benefits Of Getting a Business Valuation

A business valuation provides the business owner with multiple facts and figures regarding the actual worth or value of the company in terms of market competition, asset values, and income values.



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If you have not had an assessment of your business' value on at least three levels over the course of the last twelve months, you should consider it. A business valuation provides the business owner with multiple facts and figures regarding the actual worth or value of the company in terms of market competition, asset values, and income values.

This information is something that all business owners should have available. Obtaining a business valuation should also be completed yearly to display company growth.

Here are 5 benefits of getting a business valuation.

## 1. Better Knowledge of Company Assets

It is significantly important to obtain an accurate business valuation assessment. Estimates are not acceptable as it is a generalization.

Specific numbers need to be gained from valuation processes so that business owners can obtain proper insurance coverage, know how much to reinvest into the company, and how much to sell your company for so that you still make a profit.

## 2. Understanding of Company Resale Value

If you are contemplating selling your company, knowing its true value is necessary. This process should be started far before the business goes up for sale on the open market because you will have an opportunity to take more time to increase the company's value to achieve a higher selling price. As a business owner, you should know what your company's valuation is.

You also need to be aware of what your company's resale value really is in order to negotiate a higher selling price. Use black and white statistics, provided by a valuation firm, to solidify your stance on the higher selling price.

A. Neumann & Associates, LLC CEO Achim Neumann said, "We are approached by business owners to have the value of their business determined two to four years prior to its contemplated sale."

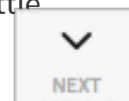
## 3. Obtain a True Company Value

You may have a general idea of what your business is worth, based upon simple data such as stock market value, total asset value and company bank account balances. But, there is much more to business valuations than those simple factors. Work with a reputable valuations company to ensure that the correct numbers are provided.

Knowing the true value of your company is often a deciding factor if selling the business becomes a possibility. It also helps to show company income and valuation growth over the course of the previous five years. Potential buyers like to see that a company has seen regular, consistent growth as it ages.

## 4. Better During Mergers/Acquisitions

If a major company asks about purchasing your company, you have to be able to show them what the value is as a whole, what its asset withholdings are, how it has grown, and how it can continue to grow. Major corporations will attempt to acquire your business or merge with it for as little money as possible.



When you know what your business valuation really is, you are able to negotiate your way to the appraised valuation numbers provided by a well-known and reputable valuation determination service.

If you are offered less for your company than it is shown to be worth, reject the deal or offer to enter negotiation mediation. It will help both sides come to a comfortable agreement.

## 5. Access to More Investors

When you seek additional investors to fund company growth or save it from financial disaster, the investor is going to want to see a full company valuation report. You should also provide potential investors with a valuation projection based upon their provided funding. Investors like to see where their money is going and how it is going to provide them with a return on the investment.

You are more likely to gain the attention of a potential investor when they can see that their funds will carry the company to the next level, increase its value, and put more money back into their own products.

## Conclusion

Once your business' valuation has been established, set new goals to increase the company's value over the next year. Every year, you should set time aside to compare the previous years' valuations to measure growth, losses, and notice where room for improvement is. There are three main types of valuations, and companies should take advantage of the opportunity to complete all three annually.

Knowing what every component of your business is worth is invaluable information for business owners to have.

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