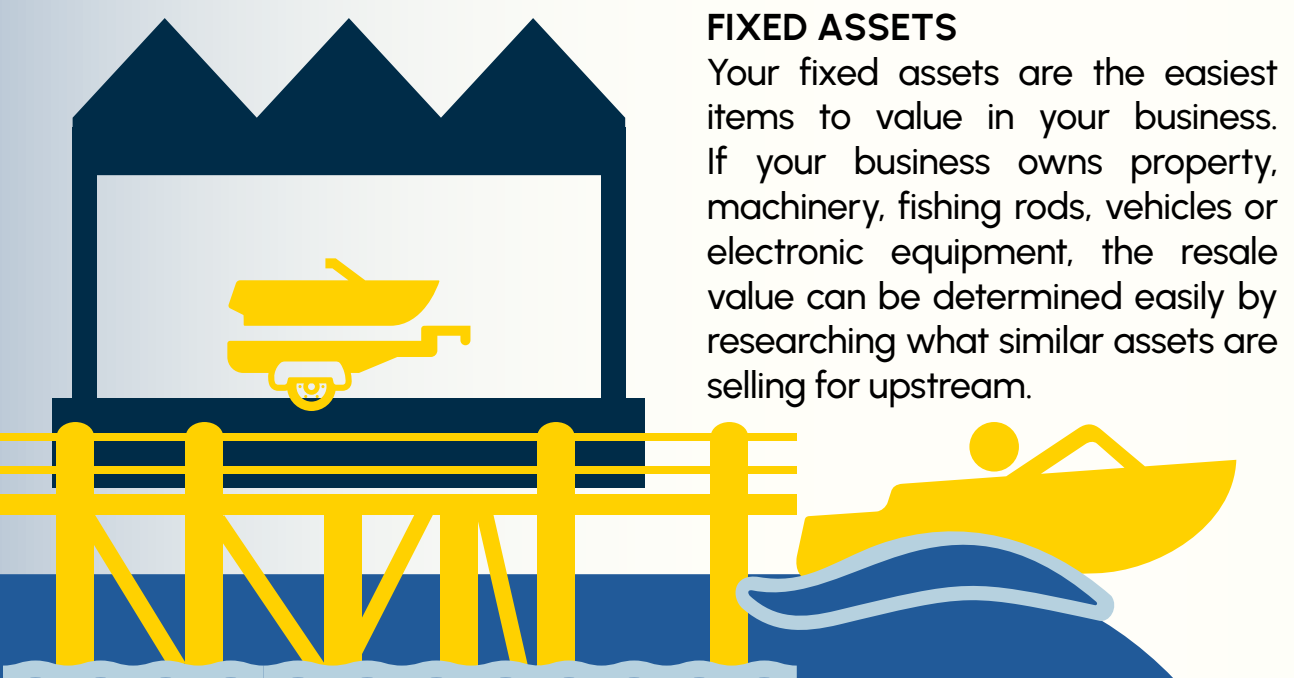


How to value your business



At some stage may think about selling your business. By understanding the factors below, you'll be better positioned to accurately value your business and get the best price you can when it comes time to sell. Below we follow a fishing charter as they value their business.

Tangibles



FIXED ASSETS

Your fixed assets are the easiest items to value in your business. If your business owns property, machinery, fishing rods, vehicles or electronic equipment, the resale value can be determined easily by researching what similar assets are selling for upstream.



LOCATION

Your business's location will be a factor in how many fish you catch. A location that's highly sought after due to the number of fish passing by will increase the value of your business.



STOCK

Being well-stocked, regardless of which waterway you're in, will add value to your business. This is especially the case if your supplies aren't perishable.



LONG-TERM STAFF

Reliable staff are a true, valuable asset to any business. People who thoroughly know the current of the river will provide an abundance of knowledge to any new owner.

Intangibles

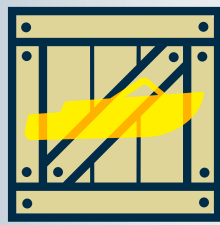
RELATIONSHIPS WITH CUSTOMERS

Of huge importance are the relationships you have with your customers, particularly your regular patrons who will likely continue using the services of the business even after you sell.



RELIABILITY OF SUPPLIERS

You'll have equipment on your vessel that's essential for doing business on a day-to-day basis. By having reliable suppliers that can meet your requirements rapidly and without problems, you'll add value to your ongoing operation.



COMPETITORS

How your business fits in with other users of the same river will be important for prospective buyers. For example, if your industry is ultra-competitive, buyers may be more hesitant to purchase your business because of perceived smaller margins.



RISK

RISKINESS OF THE BUSINESS AND INDUSTRY

A potential buyer will want to evaluate the possibility of the river flooding, or your boat sinking, in the future. If your business or industry is at risk from external factors, it may impact the value.

Government intervention, competitors taking greater market share, and losing regular customers are also risks. If these risks are minimal, the value of your business might be significantly more than the fair market value.



POTENTIAL FOR GROWTH

If your business is in a position to add another boat, or acquire a licence to use another river, there's value to be gained after a buyer acquires it. Buyers will see the potential for growth and may be encouraged to offer a price over the fair market value.

INTELLECTUAL PROPERTY (IP)

Daily fishing on the river has helped you develop knowledge of the best places to fish, which is part of your IP. This can help you stand out from the competition and increase the price your business may sell for.



Method of valuation

YOUR BUSINESS CAN BE VALUED USING MORE THAN ONE METHOD.



ASSET-BASED VALUATION

An asset-based valuation takes stock of all the investments in your business. This way of valuing a business can be done on a going concern or a liquidation basis.



EARNING VALUATION METHOD

An earning valuation leans heavily on the idea that your business's true value is in its ability to create wealth somewhere downstream, in the future.



MARKET VALUE APPROACH

A market value approach compares your business to similar, recently sold, businesses. This process relies on there being enough comparable businesses to judge against.