Small Business Appraiser Scoring Tool

Use this before hiring a valuation professional. Ask for an anonymized sample report, then score the person and the report evidence.

Appraiser / Firm:		Date:		Purpose:	

Scoring: 0 = missing or weak, 5 = acceptable but incomplete, 10 = strong and well-supported. Total possible score: 100.

Criteria	What good evidence looks like	Notes / evidence seen	Score	Pts
1. Sample report provided	They willingly provide a complete anonymized sample report, not just a brochure, certificate, or verbal assurance.		0 5 10	
2. Small business fit	They regularly value owner-operated businesses like the subject company, not only public companies, estate freezes, litigation, or large corporate transactions.		0 5 10	
3. Assignment clarity	The report states the purpose, intended user, valuation date, standard/type of value, and whether the business is valued as a going concern.		0 5 10	
4. Transaction assumptions	The report explains whether it assumes an asset sale, share sale, or other structure, and what assets/liabilities are included or excluded.		0 5 10	
5. Financial normalization	The report recasts statements for owner pay, personal/family expenses, one-time items, related-party rent, and other distortions.		0 5 10	
6. Owner labour treatment	The valuation charges the business for required owner/manager labour instead of pretending the owner works for free.		0 5 10	
7. Cash needs after closing	Working capital, inventory, receivables, seasonality, capital expenditures, and equipment replacement are considered.		0 5 10	
8. Goodwill logic	Goodwill is explained as transferable value above tangible assets and required operating capital, not treated as magic.		0 5 10	
9. Market and risk support	Market data, benchmarks, industry comparisons, buyer economics, risk, and small business deal realities are explained.		0 5 10	
10. Plain-English usefulness	The conclusion is understandable, defensible, and decision-useful; it is not merely a spreadsheet with a cover page.		0 5 10	

Interpretation

85-100: Strong candidate. Still confirm independence, scope, fee, timing, and who may rely on the report.
70-84: Possible candidate. Ask follow-up questions and review weak areas before hiring.
50-69: Caution. The report may not support a serious decision without significant clarification.
Below 50: Do not rely on this person for a meaningful small business valuation decision.

Automatic red flags **Total Score: ____ / 100** **Decision: [ ] Hire [ ] Maybe [ ] Do not hire**

[ ] Refuses to provide a real anonymized sample report.
[ ] Cannot explain the value standard, intended user, or transaction assumptions.
[ ] Uses a simple multiple without explaining risk, buyer economics, and deal structure.
[ ] Ignores owner labour, working capital, capital expenditures, or transferable goodwill.
[ ] Seems mainly interested in producing the number the client wants.