

Automated Business Value Estimate

Sigi Test

Professional Services / Consulting · 7 years in business · \$400,000 annual revenue

ESTIMATED VALUATION RANGE

\$563,000 – \$661,000

Midpoint of range: \$612,000

The information below represents the inputs used to calculate the range of value based on the figures provided. The computation of value could differ materially from a full valuation. No analyst has been engaged or exercised judgement on the informational inputs used to generate the automated computation.

Informational Inputs Used	
Basis	Seller's Discretionary Earnings (SDE) multiple
Estimated SDE	\$153,000
Benchmark multiple range (based on SIC code for your industry)	1.4x – 3.0x
Multiple applied to your business (entered by you)	4.00x
Multiple based on your quality score	2.61x
Closed sales this benchmark is based on	36

Methodology & Business Quality Score

Businesses under \$5 million in annual sales are generally valued as a multiple of Seller's Discretionary Earnings (SDE). We estimated your SDE from the figures you provided. You chose to apply a multiple of **4.00x** rather than the calculated one, so the value shown reflects your figure. For context, Professional Services / Consulting businesses typically fall within a 1.4x–3.0x range, and based on the quality factors below, this business would have a calculated multiple of 2.61x before applying your selected multiple.

EARNINGS RECONSTRUCTION	
Net income / pre-tax profit	\$100,000
+ Owner's compensation	\$50,000
+ Owner perks / personal expenses	\$2,000
+ Interest expense	\$1,000
+ Depreciation & amortization	\$0
+ One-time / non-recurring expenses	\$0
= Seller's Discretionary Earnings (SDE)	\$153,000

The following non-revenue factors also contribute to the overall valuation of your business.

BUSINESS QUALITY FACTORS	SCORE
Owner Dependence — business depends on you	2 / 22
Customer Concentration — low	20 / 20
Revenue Trend — growing	18 / 18
Recurring Revenue — high	16 / 16
Time in Business — 7 years	9 / 12
Earnings per Employee — \$77,000 per employee	12 / 12
Total Quality Score	77 / 100

Value Strengths

- Growing revenue trend supports a higher multiple.
- Diversified customer base lowers risk of revenue loss after a sale.
- Strong recurring/contracted revenue improves predictability for a buyer.

Risk Factors

- Heavy owner dependence typically reduces value and limits the buyer pool to owner-operators.

Balance Sheet Position

The value range on page 1 is a **debt-free** figure — the estimated value of the business before outstanding loans or other long-term debt. The figures below show the business's financial position and the potential impact of this value range on your personal financial position after long-term debt has been settled.

ASSETS & DEBTS ON THE BOOKS	
Current assets	\$1,000
Long-term / fixed assets	\$0
Total assets	\$1,000
Current liabilities	\$0
Long-term liabilities	\$50,000
Total liabilities	\$50,000
= What's left for the owner (book value)	-\$49,000
LIQUIDITY	
Net working capital (current assets – current liabilities)	\$1,000
WHAT YOU'D LIKELY WALK AWAY WITH	
Estimated business value (debt-free)	\$612,000
Less: long-term debt to be repaid	-\$50,000
= Your estimated range	\$513,000 – \$611,000

What This Says

- Net working capital is positive, which supports the business carrying its own short-term obligations — an attractive feature for buyers and lenders.
- The earnings-based estimate exceeds the business's book value, which is typical for a healthy operating business — the value is in the earnings, not just the assets.
- Debt of \$50,000 would typically be settled at closing, which is why the range to you differs from the business value on page 1.

How to Increase What Your Business Is Worth

Your estimate reflects the current state of the business. Many of the factors that influence the valuation multiple are within the owner's control. By strategically addressing these factors, an owner may be able to achieve a materially higher valuation.

A NOTE ON THE MULTIPLE YOU ENTERED

You applied **4.0x**, which is above the top of the benchmark range for Professional Services / Consulting businesses (**1.4x–3.0x**). On its own characteristics this business scores at **2.61x**, which would put it at roughly **\$399,000**. The improvements below are what would be needed to justify a multiple at the top of the range — getting above it generally requires a strategic buyer or a competitive process, not a stronger set of fundamentals.

1 Make the business able to run without you

This is the single biggest thing holding your multiple down, and it is usually the biggest one in any small business. If the business needs you every day, the only people who can buy it are people who want to do your job themselves — and banks are cautious about lending on that.

What to do: Pick the three things you do every week that only you do, and start handing each one to somebody else. Document how you do them first. The goal over the next year or two is a manager who runs the day-to-day while you step back to owner.

2 Get proper financial statements, not just a tax return

A tax return is prepared to keep your tax bill down, which is the opposite of showing the business at its strongest. It also arrives once a year, long after the fact. Buyers and their banks want monthly statements they can trace, and when they cannot get them they assume the worst and offer less.

What to do: Get a bookkeeper closing your books every month, and keep business and personal accounts completely separate from here on. If a sale is within a couple of years, ask an accountant about having statements formally checked — it costs far less than the discount a buyer applies to numbers they cannot verify.

3 Give your key people a reason to stay through a sale

You have said specific people hold the relationships or the technical knowledge. A buyer assumes those people may leave once the business changes hands, and prices in that risk — sometimes heavily, because they are buying something those people could walk out with.

What to do: Work out who the business genuinely could not replace quickly, and give each of them a reason to stay: a bonus that pays out some months after a sale, a written agreement, or in many cases simply an honest conversation about what a sale would mean for them. Cross-training a second person into each role is the more permanent fix.

4 Grow earnings — every extra dollar is multiplied

Value here is earnings multiplied by a number. So an improvement in profit does not add to the value once — it adds several times over.

What to do: At your multiple of 4.0x, every additional \$10,000 of annual owner earnings adds roughly \$40,000 to the estimated value. Raising prices and dropping work that does not really pay are usually the two fastest routes.

5 Be able to prove your add-backs

You added back \$2,000 of personal and one-off costs to get to your earnings figure — which is correct, because a new owner would not have those costs. But a buyer will ask you to prove every dollar of it, and anything you cannot prove gets removed from your earnings — and from the price.

What to do: Consider keeping personal expenses out of the business going forward. Keep a running file: the invoice or statement behind each personal expense, and a short note on each one-off cost explaining what it was and why it will not happen again. Building that file as you go is easy; reconstructing it two years later under time pressure is not.

6 Show a buyer how spread out your customers are

A well-spread customer base is worth real money, but only if the buyer can see it. Most owners describe it in a sentence and leave the value on the table.

What to do: Produce a one-page list of customers by share of sales for the last two or three years, with names removed if you prefer. Handing that over early takes the single most common objection off the table before it is raised.

This is a high-level starting point based only on the figures you entered. A full valuation engagement quantifies each of these for your specific business — what the change is worth in dollars, how long it takes, and the order to tackle them in.

Important Caveats

- **This is a self-reported, automated estimate** — not an appraisal, opinion of value, or certified business valuation. No analyst has reviewed your financials, industry, or deal-specific facts.
- **It relies entirely on the numbers you entered.** We have not verified your revenue, earnings, or add-backs against tax returns, financial statements, or other records.
- **It does not account for** real estate, deal structure, buyer type, financing availability, local market conditions, the capital spending needed to replace worn equipment, entity type or the tax position that follows from it, or industry-specific nuances. Depreciation is added back in full, which flatters capital-intensive businesses whose equipment genuinely has to be replaced.
- **The multiple ranges represent the middle 50% of recorded sales in each industry.** They are national figures, not specific to your local market, your size band, or the current year, and they have not been matched to businesses genuinely comparable to yours. Half of all recorded sales fall outside the range used. Sample depth varies considerably by industry.
- **This estimate should not be used** for financing, tax planning, litigation, estate planning, partner or divorce buyouts, SBA lending, or any transaction. Those situations require a formal valuation or certified appraisal.
- **Actual sale price is ultimately set by the market** — a willing buyer and seller — and can differ meaningfully from any pre-market estimate.

[Order a Full Report](#)

412-606-3021 • ELOYA@AffordableBusinessValuations.net • AffordableBusinessValuations.net

© 2026 Affordable Business Valuations. This report and the estimator that produced it are proprietary. Access is licensed to the individual subscriber and may not be shared, copied, redistributed, or resold.

No third-party reliance. This output was generated for Sigi Test from figures Sigi Test entered. No third party — including any prospective buyer or seller, lender, investor, court, tribunal, opposing party, tax authority, or professional advisor — is an intended user, and no third party may rely on it for any purpose. Affordable Business Valuations and its principals accept no duty of care and no liability to any party other than the subscriber.

Page 5 of 5 • Automated estimate — not a valuation and not reviewed by an analyst • Generated for Sigi Test