

# **12 Ways to “Multiply” A Business’ Value**

## **How to Get the Most Money for Your Business**

- **Valuation Basics and Formulas**
- **Operational Considerations**
- **Financial Considerations**
- **Special Company Attributes**
- **Adjusting the Company’s Assets and Profits**
- **Identifying and Valuing Intangible Assets**
- **Applying the Multiples**
- **Determining the Value and the Price**

# Table of Contents

<u>Subject Area</u>	<u>Page</u>
The Road to a Higher Value and Selling Price .....	3
Valuation Axioms and Formulas .....	4
Profits and the Use of Multiples .....	5
Impact of the Multiples .....	6
12 Ways to Justify a Higher Multiple .....	7
More Justification for Higher Multiples and Values .....	9
● High Growth Rate .....	9
● Same Line of Business .....	9
● Value of Intangible Assets .....	10
● Add Back Depreciation .....	10
● Inform All Buyers .....	11
<i>Exhibit 1: Adjust Financial Statements for Higher Profits, Value, and Selling Price .....</i>	12
<i>Exhibit 2: Review of Valuation Methods and Weighted Value .....</i>	15
<i>Exhibit 3: Sample Spread Sheets for Financial Statement Analysis ...</i>	19

**A special niche, be it a product, distribution method, location, or geographic area covered, can substantially increase the business' value.**

## **The Road to a Higher Value And Selling Price**

- Spread out the company's Financial Statements for the last three to five years.
- Adjust the Financial Statements, both the balance sheet and income statement.
- Determine the adjusted values: Operating profits, net income, and stockholder's equity.
- Identify and value intangible assets, including those assets already expensed or written off.
- Know the value of the business to the buyer.
- Determine how much money you want and how its receipt can be structured.
- Start negotiations only after you discuss all of the above with your advisers.

**Calculate what it would cost the buyer to get a new business to where your company is today.**

## Valuation Axioms

- The higher a company's growth rate, the higher the p/e or EBIT multiple applied to the company's profits. In fact, many Wall Street analysts use the company's growth rate as its recommended p/e multiple.
- The higher and more certain a company's projections, the greater the multiple.
- A special niche, be it a product, distribution method, location, or geographic area covered, can substantially increase the multiple.
- For a higher value on your business, include last year's depreciation and amortization expenses in your EBIT. That's called EBIT-DA.
- Know what it would cost the buyer to get a new business to where your company is today, i.e., from start-up to a fully operational business with employees and management in place, facilities to distribute and manufacture the products, and a sales force selling the products to an established customer and prospect list.

## Valuation Formulas

**EBIT.** Earnings *before* interest and taxes. EBIT is basically a company's operating profit. If we add depreciation and amortization expenses to EBIT, it's referred to as EBIT-DA.

**Earnings per Share (EPS).** Net income divided by total shares outstanding. If a company's net income is \$100,000 and there are 100,000 shares outstanding, the EPS is \$1.00.

**Price-Earning's Multiple (p/e).** The p/e is the market value of a company's common stock divided by its earnings per share. For example, if the market value of a stock is \$20 and the EPS is \$1, the p/e multiple is 20.

**Cash Flow.** Net income plus depreciation and amortization. If a company's net income is \$100,000 and its depreciation and amortization expenses are \$30,000, its cash flow is \$130,000.

## Profits and the Use of Multiples

The value you place on the business in preparing it for sale, planning for business succession or estate and gift taxes, or granting stock options to key executives can be the most important valuation you ever do. But the job is complicated by the fact that there's no single right dollar amount nor any single right method for arriving at it.

That's because there are a great many variables in establishing a value for a business. One of these variables you will be confronting in conducting your valuation is the multiple. Multiples are referred to either as a price-earning's multiple (p/e multiple) or an earnings before interest and taxes multiple (EBIT multiple). Multiples are applied to a company's profits in various valuation methods to come up with an overall value for a business.

The problem for business owners and executives is that the multiples used vary widely. Price-earning's multiples, which are applied to net income, for example, range from 10 to 20 and even as high as 30. EBIT multiples usually range from 4 to 8 but can be as high as 12. In both instances, the highest multiples are justifiable only in particularly fast-growing (i.e., 20%-plus growth rates), highly profitable companies.

Note that the EBIT multiple is always lower than the p/e multiple because it is applied against a higher income figure (earnings *before* interest and taxes) than the p/e multiple, which is applied against net income (*after* interest and taxes).

Faced with the job of valuing a business, you have a lot of questions.

*Why is one company's net income valued at a 12 price-earning's multiple (p/e) and another at a 20 p/e? Or, why, when applying the EBIT multiple (range of 4 to 8) to operating profits, does one owner get the higher 8 multiple on his or her company's earnings before interest and taxes, rather than the lower 4 multiple? What factors determine the level of the multiple? When can you use the highest multiple to increase the value of the business and its selling price?*

This **Resource Report** has three purposes. *First*, it will show you the many ways to adjust a company's profits upwards so you are starting your calculations with a higher base number. *Second*, it will help you select a multiple from the range available that is appropriate for the business. *Third*, it will help you determine

what adjustments you can make in the business today that would justify the use of a higher multiple in calculating the business' value down the road. In other words, you will be alerted to steps you can take *today* that will help you prepare the business for sale at a higher price in the future.

Generally, the p/e multiple is applied more often to publicly held companies since it's easier for investors to use and the EBIT multiple to privately held companies since it better reflects the *operating profits* of a business before interest and taxes. The owners of closely held companies tend to minimize profits and taxes as much as possible so net income is a less revealing figure than the company's gross or operating profit.

*What about service businesses?* Many times a sales multiple is used, e.g., 0.75 to 1.50 times last year's or current year's sales. The criteria for determining the level of the multiple that are discussed in this Report, particularly the discussion on intangible assets, also apply to service businesses.

### **Impact of the Multiples**

First, let's look at the impact on the value of a business using an EBIT multiple of 5 and 8; that's within the usual range of 4 to 8.

	<u>4 Multiple</u>	<u>8 Multiple</u>
EBIT	\$170,000	\$ 170,000
Multiplier	<u>      x 5</u>	<u>      x 8</u>
Value of the Company	<u>\$850,000</u>	<u>\$1,360,000</u>

As shown, the multiplier selected has a direct and significant impact on the value of the business, which increased 60% when a different multiple was used. Adding *only* a single point to the multiplier, say, from 5 to 6, increases the value of the business by \$170,000; add two points (from 5 to 7) and the increased value is \$340,000.

The goal is to apply the *highest* possible multiple to the company's *highest* adjusted profits; **doing both** will maximize the value and selling price of the business. The steps to accomplish *both* objectives:

- Adjust the company's profits upward so you can apply the multiple to

higher profits. That's explained on page 12.

- Increase the multiplier on those profits by meeting all or most of the criteria that determine the multiplier. That's explained in the example below.
- Identify and value intangible assets and goodwill, as well as the potential buyer's fit with your company, to increase its value even further. That's explained on page 10.

The double impact of using *adjusted* profits — rather than *reported* profits — and the highest possible multiple can be very significant. Here's an illustration of *Caldwell Electronics*, which increased its reported profits of \$170,000 to adjusted profits of \$230,000:

Reported EBIT of \$170,000 x 5 Multiplier = \$ 850,000

Adjusted EBIT of \$230,000 x 8 Multiplier = \$1,840,000

Increase in Value of Company            \$ 990,000 (116%)

As shown, the value of this company more than doubled (116%) even though profits increased only \$60,000 (35%). It's not unrealistic nor uncommon for the owners of closely held businesses to obtain a much higher value by adjusting their company's financial statements and identifying those positive characteristics which justify the higher multiple.

## 12 Ways to Justify a Higher Multiple

It's not all numbers. There are many factors which affect the level of the multiple and thus the resulting value you place on company profits. Knowing those factors will help you maximize the EBIT and p/e multiples to be applied to the company's profits. Here are the major ones to consider.

1. *Growth rate*: The growth rate of the company's sales and profits in comparison with our national growth rate and, in particular, the growth rate of the industry the company is in. The higher the growth rate of the company and the industry in which it sells, the higher the multiple.

**2. *Operating profits:*** The company's operating profit as a percent of sales and its comparison with industry standards. For example, if the company earns 12% on each dollar of sales and the industry average is 8%, the difference of 4 percentage points supports a much higher multiple, probably in the upper range of 7 to 8, maybe even 10.

**3. *Fundamentals:*** Excellent management, good second-line management, solid balance sheet, adequate facilities for growth, etc.

**4. *Niche:*** The company's special position in the industry, whether for products or services, geographic area covered, production efficiencies, distribution know-how, reputation, trade name, etc.

**5. *Multiple sales opportunities:*** Company products or services have multiple markets and end-users so there is an opportunity for growth within current markets and from future penetration into new markets.

**6. *Proprietary products:*** The proprietary nature of the company's products and services, e.g., compare a company which is solely a distributor of products versus a manufacturer which has proprietary products. The more proprietary the products and services, the higher the EBIT and p/e multiple to be applied to the company's profits.

**7. *Customer list:*** The breadth of the customer base, i.e., good distribution versus a heavy reliance on a handful of major customers. Also consider the *average* number of years these customers have been buying from the company, e.g., two years versus six years.

**8. *Product mix and gross profit:*** The greater the number of products the company sells, and the greater the gross profit (percentage return) on those products, e.g., 40% versus 20%, the better. The higher the return on sales, the greater the number of dollars that flow to profits and thus the greater the multiple that can be applied to those profits.

**9. *Replacement value of assets:*** View your business from the eyes of a prospective buyer. How much money would it cost the buyer to replace the business'

current assets and operations and how long would it take to get to where you are today? Knowing this replacement cost data is critical to negotiating a good deal and getting a higher multiple (price) for your business.

**10. *Interim results:*** If they reflect a good increase in sales and profits, e.g., the company's six months' results show a 30% increase in sales and profits, you can *annualize* the results and apply the multiple to the higher profits.

**11. *Income projections:*** The higher and more certain the projections, the higher the multiple applied to the company's profits.

**12. *Growth capacity:*** The company's current working capital, facilities, and employee levels are adequate to meet its sales and profit projections for the next few years.

When all or most of the above are positive, you can justify using a higher p/e or EBIT multiple. But there are other considerations, including the value of intangible assets, which increase the multiple and correspondingly the value of the company.

### **More Justification for Higher Multiples and Values**

■ ***High growth rate:*** The EBIT multiple can be as high as *12 times operating profits* before interest and taxes. And, correspondingly, the p/e multiple can be 25 to 30 times net income. These higher multiples apply when your business is growing at an annual rate of 25%-plus. The higher the company's growth rate, the higher the multiple. In fact, many Wall Street analysts use the company's annual growth rate as the p/e multiple to be applied to the company's stock price; if that growth rate is 40%, they use a p/e of 40.

■ ***Same line of business:*** A much higher p/e or EBIT multiple on the company's profits also is used when a buyer of the business is rounding out a product line you already have or expanding to a geographic area you already cover. In these cases, you should first adjust company profits upward (costs lowered) to allow for the buyer's reduced costs of buying the company, e.g., duplicate accounting and legal fees, select administrative and sales expense, and lease/rental expenses if the buyer intends to consolidate your operations into his or her company's. *In*

*essence, you want to know the buyer's profit after acquiring your business.*

■ *Value of intangible assets:* Don't overlook the value of intangible assets, also considered goodwill, which can greatly increase the value of your business and negotiating position. You will find that many of these assets have already been written off and have a *zero value* on the company's balance sheet. These intangible assets can include:

- Customer and supplier contracts which extend longer than one year.
- Favorable leases which have attractive renewal options, an option to purchase the property, or rental payments below the current market rate.
- Location, e.g., a retail store with a long-term lease in a mall which has 30,000 visitors each week or approved zoning variances.
- Trained employees and a solid long-term management team with noncompete and employment contracts in place.
- Growth in the company's backlog versus a year ago.
- Sales literature, software programs, special manufacturing processes, drawings and dies, and marketing expertise.
- Licenses, trademarks, patents, copyrights, and trade name.
- Exclusive territory or product rights, e.g., franchisees, distributors, and sales reps.

By carefully analyzing all facets of the company, you should find more assets which were previously written off or for which the cash was already expended. Again, these assets can add greatly to the value of your business and its selling price.

■ *Add back depreciation:* Many analysts add back depreciation to a company's operating profit for a value based on a multiple of EBIT *plus* depreciation and amortization expenses. For *Caldwell Electronics*, the amount of depreciation and amortization expense was \$46,000 last year.

Thus, the value of the company using EBIT + DA is \$216,000 (\$170,000 EBIT + \$46,000) *times* 5.0, which equals \$1,080,000. Compare that to the \$850,000 EBIT

value calculated on page 7 without the inclusion of these non-cash expenses. It's an increased value of \$230,000 or 27% above the \$850,000 value.

*Valuation note:* Some valuation experts prefer *not to add back* depreciation to operating profits since many companies need the cash flow from depreciation for future capital expenditures. But amortization expenses are a different story. The cash has already been expended and this capitalized asset is simply an accounting entry, so feel free to add it back.

■ *Inform all buyers:* It would cost you “x” dollars to get to where our company is today. We have moved from start-up to a fully operational business, have proven products, already-prepared sales literature, an established niche, customer base, equipment and facilities to produce the product, and a sales force in place to increase sales and profits.

\* \* \*

Establishing a dollar value for your business can seem to be an intimidating task at first. But the process is logical. You start with the financial statements, adjusting them upwards for the attributes described in this Report, including goodwill and intangible assets. Then you select a multiple according to the many justifications explained in this Report. Factor in an allowance for anything special about your company, e.g., spectacular recent growth, and you have a final justifiable price tag for the business. □

## **References —**

*Exhibit 1:* Adjust Financial Statements for Higher Profits, Value, and Selling Price, see next page.

*Exhibit 2:* Review of Valuation Methods and Weighted Value, page 15

*Exhibit 3:* Spread Sheets for Financial Statement Analysis, page 19

## Adjust Financial Statements For Higher Profits, Value, and Selling Price

*The goal:* To adjust the company's profits upward so you can apply the price-earning's and EBIT multiples to higher profits for a higher value and selling price.

Even if you're not in the market to sell or value your business today, the concepts and examples illustrated in this Report are crucial in understanding how you will set a selling price in the future. They work in reverse also, to help you determine the best purchase price for a business you're interested in buying.

As with all valuations, we start by adjusting a company's financial statements. That's especially critical for closely held businesses because owners of these businesses typically keep their company's *reported* profits as low as possible to minimize taxes. The techniques owners use to lower their company's taxable income include increasing salaries, declaring bonuses, setting aside more retirement money, investing in affiliated businesses, and writing off bad inventory.

*Fact:* On average, a company's *adjusted* profits will be 80% above its *reported* profits. Its *adjusted* stockholder's equity (net worth or net book value) is usually 40% to 60% above *reported* equity. So don't penalize yourself today or limit the value of the business just because you made salary, tax, and cash flow decisions which lowered your profits in the past and reduced your stockholder's equity account. In most cases, the impact of those decisions can be explained and illustrated to a potential buyer by showing them the adjustments you made to reflect the company's true profitability and equity position. And that should be done *before* starting the valuation or selling-out process.

**Income Statement Adjustments.** Adjustments to a company's income statement should add back to earnings the following: (a) excess compensation paid to the company's owners/officers and family members above reasonable amounts, (b) extraordinary tax writeoffs of bad debts, unusable inventory and equipment, etc., (c) unreasonably high fringe benefits, (d) the use of accelerated depreciation and

high-cost inventory valuation methods, and (e) the recapture of nonrecurring expenses incurred in one year which benefit the company over future years, e.g., preparing and printing company sales brochures, research and development costs, establishing another sales office, etc.

*Example of add-backs:* If the company's *reported* pretax income is \$90,000 (\$60,000 after taxes) and these adjustments total \$70,000, its *adjusted* pretax income is \$160,000. To this figure, apply a corporate tax rate (say, 35% overall) to obtain the company's *adjusted* net income of \$104,000 (65% times \$160,000). Thus, the company's *reported* aftertax income was *adjusted* from \$60,000 to \$104,000. Now, to determine the value of the business, let's apply a simple 10 price-earning's multiple (p/e) to both numbers:

$$\begin{aligned} \text{Reported Net Income: } & \$60,000 \times 10 \text{ p/e} = \$600,000 \\ \text{Adjusted Net Income: } & \$104,000 \times 10 \text{ p/e} = \$1,040,000 \\ \text{Added Company Value} & = \$440,000 \end{aligned}$$

The added value of \$440,000 represents a 73% increase in value above the company's *unadjusted* financial statements. That shows you the importance of adjusting your financial statements *before* starting the valuation process and/or setting a price tag for selling the business.

**Balance Sheet Adjustments.** Do the same to the assets on the balance sheet, e.g., inventory, real property, leasehold improvements, equipment, and investments in affiliated companies. The reported net book values of those assets also are usually *understated* and must be adjusted upward or downward to fair market or replacement value. The extra values are then added to the company's net worth or stockholder's equity account.

*Example:* Let's assume that on the company's latest balance sheet, your accountant reports that the company's net plant and equipment value (after accumulated depreciation) is \$220,000. However, you do some research on current pricing and you find that the current fair market value (FMV) of the plant and equipment (if sold as is) is \$300,000. Thus, you have an *increased value* of \$80,000, which would be added to the company's stockholder's equity account, which correspondingly increases the overall value of the business.

*What about the replacement value?* This computation is also important since

it values the plant and equipment as if they had to be totally replaced today. With rising costs over the years, as well as depreciation of the assets each year, the replacement value should be substantially higher than the FMV since that value assumes the assets are sold today in their current used condition. Thus, using an assumed replacement value of \$400,000 in our example above, the company's increased value is \$180,000 (\$400,000 replacement value *less* the accountant's reported net book value of \$220,000). That \$180,000 represents an 82% increase above the accountant's reported value of \$220,000.

*Who's interested in replacement values?* Potential buyers of the company who want to get into its line of business *or* company-employed executives who want to buy the business from you. *Your selling position is:* It would cost them \$400,000 to replace the equipment and get to where the company is today. Furthermore, the equipment is in place, de-bugged, and fully operational. Those are very strong arguments to use in valuing these assets above the accountant's reported net book value.

**Some final comments.** *First*, if the company is a sole proprietorship, S corporation, limited liability company, or partnership, you must adjust the income statements as if it was a regular (C) corporation with applicable corporate, not personal, tax rates.

*Second*, if the company owns an affiliate, that affiliate must be valued separately. *Reason:* The value on the balance sheet is the company's net cost basis, which could be substantially lower than the affiliate's fair market value. Again, that *excess* value is added to the stockholder's equity account. □

**There are steps you can take today that will help you prepare the business for sale at a higher price in the future.**

## **Review of Valuation Methods and Weighted Value**

Here are the basic valuation methods by which businesses are valued. You will want to use as many valuation methods as possible; the more you use, the more accurate your average and final, weighted value.

→ *Reported net book value:* This value is prepared by your accountant; it's simply the company's reported assets less all liabilities. To determine *tangible net book value*, simply subtract intangible assets, e.g., goodwill and capitalized financing costs, from reported net book value.

→ *Adjusted net book value:* This method increases the company's net book value to the extent that certain assets (principally real estate, equipment, and inventory) exceed the cost basis of the assets as shown on the company's balance sheet. This approach usually increases the value of the assets and thus the company's net book value.

→ *Replacement value:* This method writes up all assets to their replacement value and then subtracts the liabilities. It can substantially increase a company's value and is principally used when selling a business to company executives or to another company which wants to get into your line of business.

→ *Price-earning's (p/e) multiple:* Here, you simply apply a multiple, say 12, to the company's net income after taxes. If the net income is \$200,000, the value of the company is \$2.4 million. The faster the growth rate, the higher the p/e multiple. This is how most publicly held companies are valued.

→ *Earnings before interest and taxes:* Referred to as EBIT, this method is similar to the p/e method described above. You determine the company's EBIT and apply a multiple to it, usually 4 to 8, principally depending on the company's growth rate and its profit margin on each dollar of sales.

→ *Liquidation value:* This value assumes liquidation of a company's assets and payment of all liabilities. It is used to determine the *absolute* minimum value of a business. *Example:* To determine the liquidation value of a business, you might apply a 25% liquidation value to inventory, 70% to accounts receivable, etc. You then subtract all liabilities to determine the final liquidation value. *Note:* For this valuation method, you may wish to consult with a recognized Asset-Based Lender in your area.

→ *Dividend value:* This method assumes the company pays out a certain percentage of its net income, say 50%. You average the last three years' net income, say, \$200,000. Then divide the \$100,000 dividend payout (50% times \$200,000) by a desired annual return, e.g., 8%, which results in a value of \$1,250,000 (\$100,000 dividend payout divided by 0.08).

→ *Projected value of earnings:* This method applies a present value rate of about 15% to a company's projected net income. Basically, it is *today's* value of projected net income, usually over the next three to five years. The value can be recalculated to include depreciation and amortization expenses for a total *projected cash flow* value. This valuation method usually results in the highest value for a business whose earnings are expected to increase substantially in the near future. It is also appropriate for young companies with high growth rates.

→ *Multiple of Sales Value:* This valuation method, principally used to value service businesses, applies a multiple of 0.75 to 1.50 to last year's sales, this year's projected sales, or an average of the last three years. *Example:* Your company's sales last year were \$850,000. Based on the higher multiple of 1.50, the value of the business is \$1,275,000.

### **Adjustments, Weighted Value, and Discounts**

*Valuation adjustments:* When determining a company's earnings or net income, most valuation experts adjust the earnings for the following: (a) excessive owner compensation and fringe benefits, (b) extraordinary writeoffs of bad debts, unusable inventory, etc., and (c) the recapture of non-recurring expenses incurred in one year which benefit the company over future years, e.g., establishing another sales office and research and development costs.

Many times, an average of the last few years' earnings are used or they are weighted, e.g., a 50% weight to the company's current earnings, 30% to last year's earnings, and 20% to the prior year's. You can do the same, particularly if the company's earnings are increasing every year. That will help maximize the value of the business.

*Weighted value:* The final step is to list the results from each valuation method and apply a "weight" (percentage allocation) to each value. An example is shown below, using three of the nine valuation methods explained on the prior pages. To get a conservative reading of the company's value, we applied a greater weight to the adjusted net book value method, which is also less volatile than the other two methods because it doesn't involve earnings, which are more uncertain.

### **Weighted Value of the Business**

<u>Valuation Method</u>	<u>Value</u>	<u>Percent</u> <u>Weight</u>	<u>Weighted</u> <u>Value</u>
Adjusted Net Book Value	\$1,000,000	40	\$ 400,000
Price-Earning's Multiple	\$1,200,000	30	360,000
Projected Earnings	\$1,500,000	<u>30</u>	<u>450,000</u>
<b>Weighted Value</b>		<b><u>100</u></b>	<b><u>\$1,210,000</u></b>

**Average Value** without Weights \$1,233,333

As computed, the weighted value of this business is \$1,210,000. However, *before* accepting that \$1,210,000 weighted value, it should be compared to the *average* value of \$1,233,333 (total values of \$3,700,000 divided by three) and the *median* value of \$1,250,000. Here are the comparisons. The final weighted value of \$1,210,000 represents:

- 98% of the *average* value of \$1,233,333.
- 97% of the *median* value of \$1,250,000.

As a general rule, when the weighted value is within 80% to 120% of the average and median values, you have a reasonable and defensible value.

*Advisory:* The IRS' Revenue Ruling 59-60 states that "*all available financial data*" and "*other relevant factors affecting the fair market value of the stock*" also must be considered. With that wording, the IRS can question *any* aspect of a business it deems relevant in setting its own value on the business. □

## Spread Sheets for Financial Statement Analysis

### Historical Income Statement Data

(Dollars in thousands)	2006		2007		2008	
	\$	%	\$	%	\$	%
Net sales .....	—	—	—	—	—	—
Cost of goods sold .....	—	—	—	—	—	—
General, selling and administrative expense ...	—	—	—	—	—	—
Operating income .....	—	—	—	—	—	—
Other income (expense) ....	—	—	—	—	—	—
Pretax income .....	—	—	—	—	—	—
Taxes payable .....	—	—	—	—	—	—
Net income .....	—	—	—	—	—	—
<b>Return Analysis</b>						
Net income % sales .....	—	—	—	—	—	—
Net income % net worth ....	—	—	—	—	—	—
Net income % assets .....	—	—	—	—	—	—
Gross profit margin .....	—	—	—	—	—	—
Operating profit margin ....	—	—	—	—	—	—
<b>Turnover Ratios (in days)</b>						
Average collection period ...	—	—	—	—	—	—
Inventory turnover .....	—	—	—	—	—	—
Accounts payable turnover ..	—	—	—	—	—	—

### Important Definitions

#1. *Net working capital* is current assets *less* current liabilities. *Current ratio* is current assets *divided* by current liabilities.

#2. *Net quick assets* are cash items and accounts receivable *less* current liabilities. *Net quick ratio* is cash items and accounts receivable *divided* by current liabilities.

#3. *Average collection period* is accounts receivable *divided* by daily credit sales.

#4. *Inventory turnover* is average inventory (beginning and end-of-year position) *divided* into cost of sales (or into sales).

#5. *Accounts payable aging (days)* is accounts payable *divided* by daily purchases of goods and supplies.

### Historical Balance Sheet Data

(Dollars in thousands)	2006	2007	2008
Cash and marketable securities .....	—	—	—
Accounts receivable .....	—	—	—
Inventories .....	—	—	—
Prepaid expenses	—	—	—
Current assets .....	—	—	—
Gross plant and property .....	—	—	—
Less: Depreciation .....	—	—	—
Net plant and property .....	—	—	—
Investments, loans, and advances .....	—	—	—
Other assets .....	—	—	—
Total assets .....	—	—	—
Notes payable .....	—	—	—
Accounts payable/Accruals .....	—	—	—
Current portion of long-term debt .....	—	—	—
Current liabilities .....	—	—	—
Long-term debt .....	—	—	—
Preferred stock .....	—	—	—
Common stock .....	—	—	—
Capital surplus .....	—	—	—
Retained earnings .....	—	—	—
Less: Treasury stock .....	—	—	—
Stockholders' equity .....	—	—	—
Total liabilities and equity .....	—	—	—
<b>Liquidity Ratios</b>			
Net working capital .....	—	—	—
Current ratio .....	—	—	—
Net quick assets .....	—	—	—
Net quick ratio .....	—	—	—
Cash ratio .....	—	—	—
<b>Leverage Ratios</b>			
Long-term debt as a % of	—	—	—
stockholders' equity .....	—	—	—
Total debt as a % of stockholders' equity ..	—	—	—

## About *The Business Library*

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The company was formed in 1974 by Thomas J. Martin. Martin has written more than 900 articles and advisories and presented *hundreds* of workshops and seminars to *thousands* of business owners and executives on many of the subjects covered in *The Business Library*. He is an Investment Banker and an expert witness in Valuation and Succession Court Cases. He has helped *hundreds* of business owners and executives raise capital, refinance debt, prepare for succession, and value and sell their businesses.

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Tricia Walsh, Publishing Director  
*The Business Library*  
180 Melody Court, Eastport, NY 11941  
631-325-1133 • Fax: 631-325-1145  
E-mail: [triciawalsh@yourbusinesslibrary.com](mailto:triciawalsh@yourbusinesslibrary.com)

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