

# 3 QUESTIONS TO ASK WHEN VALUING A BUSINESS

1

What **Business Maintainable Earnings (BME)** does the business generate?



- How repeatable and certain are these earnings, looking forward?
- Do they sufficiently support the price the business owner is asking?
- How exposed are these earnings to factors beyond the business' control?

2

Do you have **robust and meaningful information** on the business' performance and overall business model?



- Is the information you are reviewing source data, or data that has been manipulated?
- What do you really know about what the business' clients and suppliers experience when dealing with the business?
- How does the business make its money?
- Have you reviewed soft data (people and relationship drivers) and hard data (financial performance and activity)?

3

What is the real **point of difference** and **competitive advantage** of the business?



- What does this business do that no one else in its market does, or does as well?
- How sustainable is the business' point of difference?
- What are the trends and dynamics in the business' market sector which may positively or negatively impact the business' relative competitive position in the future?