Peter Fleming
BUSINESS CONSULTANCY

What Is My Business Worth?

A practical sale-readiness guide for owner-managed businesses

"Your business is only worth what someone is willing to pay, on the day they buy it!"

For many owner-managed businesses, value is not just a number. It is a combination of earnings, growth potential, risk, people, systems, customer quality, market position and timing. This short guide sets out what to think about before approaching potential buyers or suitors, and how to improve the position before going to market.

A. The valuation question most owners eventually ask.

At some point, most business owners ask, **What is my business actually worth?**

That is usually followed by, **When is the right time to go to market, and what can I do now to make the business more attractive to a buyer?**

The honest answer is that there is rarely one simple answer. Traditionally in the UK SME market, in respect to value, people often talk in terms of a multiple of EBITDA or net trading profit. A broad rule of thumb for many smaller private businesses is their value is somewhere between 3 and 5 times EBITDA, although in some cases smaller owner-dependent businesses may be closer to 1 to 3 times net trading profit plus asset value (including cash), less liabilities.

However, rules of thumb are only a starting point. Sector, size, quality of earnings, growth trajectory, customer concentration, management strength, systems, risk and buyer appetite all make a difference.

B. Valuation is not just about profit - it is all about risk.

Two businesses can produce the same EBITDA and still attract very different offers. One may be heavily dependent on the owner, have weak systems, informal customer relationships and limited management depth. The other may have a strong brand, clear supplier & customer contracts, a growing customer base, good systems and a capable team that can run the business without everything coming back to the owner.

A buyer is not just buying what the business earned last year. They are buying confidence that the earnings are sustainable, transferable and capable of being developed further in the future.

C. Public market hype versus owner-managed business reality.

At the top end of the market, valuations can look detached from the world most SME owners operate in. Recent market reports have linked SpaceX with possible IPO valuations in the trillion-dollar range, Reuters reported earlier in 2026 that SpaceX was weighing a potential IPO at around $1.5 trillion, while OpenAI has also been linked with a possible IPO valuation around $1 trillion. Anthropic has reportedly raised funding at a valuation close to $965 billion.

Those valuations are based heavily on future expectations, strategic positioning, investor appetite and belief in what those businesses may become. Some buyers are buying growth, market control, data, technology or perceived future dominance. Most SME buyers are more grounded. They are usually buying earnings, cashflow, customers, people, market access, systems and reduced risk.

So, the important question is not simply, **what multiple do I want?** It is, **which buyer group would value my business most, and why?**

D. The real danger of leaving it too late.

A lot of owners start thinking seriously about value when they are already emotionally ready to exit. By then, it may be too late to make the changes that would materially improve the outcome.

If the business is still too dependent on you, the business owner, and if the customer base is too narrow, if contracts are loose, if the team is underdeveloped, or if systems are still largely in your head, a buyer will spot that straight away. Once they do, they will reduce the price, increase the earn-out or deferred element of any deal, or simply just walk away.

If you are considering a sale, succession route, partial exit or investment, allow at least 12 months to prepare properly. In many cases, taking longer is better.

E. Six steps to enhance value before going to market.

1. Decide what is actually for sale

Be clear whether you are selling the whole business, part of the business, specific contracts, customer relationships, assets, systems, licences, property or infrastructure. Also think about what happens to employees, key people, premises, IT, contracts and supplier arrangements. A buyer needs clarity on exactly what they are buying.

2. Be realistic on valuation, timescales and tax

Understand the likely valuation range, not just the number you would like. Consider EBITDA or net trading profit, asset value, liabilities, goodwill, market fit and buyer appetite. Also take early tax advice on capital gains, personal tax implications and deal structure. A business sale can take 6 to 12 months to conclude, sometimes longer.

3. Get the business information current and buyer-ready

Annual accounts, management accounts, P&L, balance sheet, customer lists, contracts, pipeline, live opportunities and 12-to-36-month forecasts all need to be current and credible. Clean, well-presented information builds confidence. Poor information creates doubt and usually affects value.

4. Strengthen customers, contracts and future growth visibility

A buyer will look closely at where revenue comes from and how secure it is. Ideally, you want a growing customer base, evidence of repeat business, strong B2B relationships and, where possible, supply contracts or framework agreements. A strong order book and visible pipeline help show that the business has life beyond the current owner.

5. Build the team, systems and reduce single points of vulnerability

This is often where value is won or lost. Manage yourself out of day-to-day delivery where possible. Delegate responsibility, strengthen the senior team, document roles, improve systems and reduce reliance on any one person, customer, supplier or informal process. The more transferable the business feels, the stronger your position.

6. Go to market properly and control the process

Decide whether to use a broker, corporate finance adviser, your own network or a more targeted approach with professional support. Prepare a one-page teaser, an information memorandum and a clear explanation of why you are selling. Shortlist potential buyers, use NDAs before sharing sensitive information and be ready for low offers, negotiation and due diligence.

F. A practical sale process.

Step	Stage	Key Point
1	Clarify what is being sold	Whole business, part sale, assets, contracts, people, systems, property, licences and infrastructure.
2	Prepare valuation range and tax view	Understand realistic value, timescale and personal/company tax implications before entering discussions.
3	Prepare business information	Accounts, management accounts, customer list, pipeline, forecasts, contracts, liabilities and key operational data.
4	Reduce owner dependency	Delegate day-to-day tasks, strengthen the team and reduce operational reliance on the current owner.
5	Go to market	Decide route, prepare teaser and memorandum, shortlist buyers and use NDAs before sharing sensitive detail.
6	Receive offers	Expect Letters of Intent or Heads of Terms, and assess buyer intentions as well as headline price.
7	Enter due diligence	Usually 2 to 3 months, covering financial, commercial, legal, people, systems, contracts and liabilities.
8	Renegotiate if required	Be prepared for changes following due diligence, especially around risk, deferred consideration or warranties.
9	Agree transition / tie-in	Many deals include a 12 to 24 month handover, earn-out or deferred payment period.
10	Conclude the sale	Use appropriate professional support, including solicitor, accountant, tax adviser and commercial/corporate finance support.

G. What buyers usually look for.

Buyer Focus	Why It Matters
Sustainable earnings	Not just one good year; they want confidence the profit can continue.
Growth story	Clear evidence of future opportunities, pipeline, market potential and customer demand.
Low dependency on owner	A business that can operate after the owner exits is usually more attractive.
Good management team	Capability, accountability and clear roles reduce buyer risk.
Strong customer base	Retention, repeat revenue, contracts and low concentration risk all help.
Systems and reporting	Good financial, CRM, operational and IT systems create confidence.
Strategic fit	If your business helps the buyer enter a market, add capability or strengthen their offer, value may increase.

H. When is the best time to go to market?

The best time is rarely when you are tired, frustrated or under pressure. The best time is usually when the business is performing well, future growth is visible, the team is strong, customer relationships are secure, the numbers are clean and you are not forced to sell.

Buyers tend to pay more for momentum than fatigue. They pay more when risk has been reduced and when they can see a credible future beyond the current owner.

Final thoughts.

Your business is not worth more simply because you believe it should be. It becomes worth more when a buyer can clearly see strong earnings, future growth potential, reduced risk, good people, reliable systems and a clear reason why the business is valuable to them.

So before asking, what is my business worth, it may be better to ask: what would make my business more valuable, more transferable and more attractive to the right buyer?

Prepare early.
Position the business properly.
Reduce the risks a buyer can use against you.
Then go to market from a position of strength.

Sale-readiness checklist

Area	Question	Done
Valuation	Have you established a realistic valuation range and adjusted EBITDA/net profit view?	☐
Tax	Have you taken early advice on tax, capital gains and deal structure?	☐
Financials	Are accounts, management information, margins and forecasts current and credible?	☐
Customers	Can you evidence customer retention, growth, contracts and reduced concentration risk?	☐
Pipeline	Is there a clear opportunity pipeline or forward order book?	☐
People	Can the business operate without the owner being central to every decision?	☐
Systems	Are CRM, finance, operations, HR, IT and reporting systems fit for buyer scrutiny?	☐
Contracts	Are customer, supplier, employee and property arrangements documented and accessible?	☐
Risk	Have key vulnerabilities and dependencies been identified and reduced?	☐
Market route	Do you know whether to use a broker, adviser, targeted buyer approach or own network?	☐
Buyer pack	Do you have a teaser, information memorandum and clear sale narrative?	☐
NDA	Is there a process to ensure sensitive information is only shared under NDA?	☐

Sources and context notes

This guide has been developed from PF Business Consultancy's internal sales preparation notes and current market commentary. Public market examples referenced are indicative and based on reported/speculative IPO and funding valuations as of June 2026. They are used to illustrate how different buyer groups can value future potential differently from typical owner-managed SME buyers.

Key public market context: Reuters reported in January 2026 that SpaceX was weighing a possible mid-June IPO at roughly $1.5 trillion. Reuters reported in October 2025 that OpenAI was considering IPO preparations with discussions around a potential valuation up to $1 trillion. TechCrunch reported in May 2026 that Anthropic had raised funding at a $965 billion post-money valuation.

Important: this guide is not tax, legal, investment or corporate finance advice. Owners should take advice from their accountant, tax adviser, solicitor and/or corporate finance adviser before entering a sale process.

About PF Business Consultancy

PF Business Consultancy supports owner-managed businesses and leadership teams with strategic commercial direction, fractional sales leadership, board-level advisory support and practical implementation planning.

The focus is on helping business owners create clarity, strengthen commercial structure, reduce dependency and make better decisions through periods of growth, change, succession or transition.

Website: www.PFBusinessConsultancy.co.uk

Email: peterfleming@PFBusinessConsultancy.co.uk

LinkedIn: www.linkedin.com/in/flemingpeter1

Peter Fleming & Associates Ltd T/A Peter Fleming Business Consultancy

Company Registration Number: 9149878

VAT Registration Number: 202 790138

Registered Office: c/o Moynan Smith, Unit 4 Clifford Court, Parkhouse Estate, Carlisle, CA3 0JG