



# Appraisal Resources

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# Appraisal Resources

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## **Business Appraisal**

Every business appraisal is unique, from the product or service it offers to its outlook for the future. All businesses have life cycles, and most transform over the course of their existence. Invariably, ownership changes hands, and when that happens, business appraisal is a necessary step. The process of valuing a business is an in-depth operation. Conversely, any lack of depth on the part of the appraiser will have adverse consequences on the eventual transaction.

In the industry of business appraisal, you must hold a few principles above all else. The first is objective meticulousness. At Halas & Associates, our job as business appraisers is not to embellish our clients--nor is it to "fudge the numbers" so that one party looks better than the other. Our founder, Paul Halas, has been in this business for nearly 30 years. In that time, it has been his experience that an unbiased attention to detail is in everyone's best interest.

Another important characteristic of business valuation is honesty. As we expect our clients to be honest with us regarding every detail of their business, so too will we uphold the principle of honesty in the accurate valuation of their enterprises. Our specialty is valuing small businesses, typically with one to three locations and 2 to 100 employees.

At Halas & Associates, we have developed a cost-effective approach that applies to any business appraisal or valuation, large or small. We pay close attention to obvious factors like earnings multipliers and not-so-obvious factors like discretionary profit contribution recaps. Whether you are selling your business, looking to buy, retiring, or transferring ownership to an heir, we can help. Give us a call, and we'll have a frank talk about your financial goals with no obligation.

## **Business Valuation**

What separates a quality business valuation from a run-of-the-mill appraisal? Understandably, there are many services that offer business appraisal, yet not all of them do it accurately or cost effectively. At Halas & Associates, we utilize a unique model for business valuation that places emphasis on detail, fairness, and personalization.

Business input detail is at the root of what we do. If you are looking to sell your business, you are obviously looking for the best offer possible. Incorrect valuation of your company will give you a poor parameter for an asking price and make negotiations more difficult. This is the case whether you are selling to a stranger, relative, partner, or a large parent company.

I'm Paul Halas, founder of Halas & Associates. I founded this company on the premise that correct business valuation should be unbiased, comprehensive, honest, and practical. My methods are such that I can assure an accurate valuation, with no stone left unturned. We primarily value businesses that employ 2 to 100 people, although we have on occasion worked with larger clients. Each business is unique, and each job we do is conducted individually.

Some larger appraisal firms, in the name of economical efficiency, sometimes tend to run business valuation through a "cookie-cutter" model. I believe this to be a recipe for shoddy work. When you use HBVS services, you will find an appraisal system which is committed to the proper and fair valuation of any business – which in the long run will be in your and the buyer's best interest, if the sale of the business is your goal.

## **Business Acquisition Service**

Within the business valuation profession, at times there is great discrepancy between appraisers who routinely follow protocol and those who truly understand the vicissitudes and inner workings of businesses. How are you to tell the difference? Business appraisal is the most important first step for anyone looking to acquire a target enterprise. A close relationship is required between the present owner and the appraiser if precise valuation is to take place.

Our clients are asked a rigorous series of targeted questions, each designed to better gauge the financial prediction of the outcome. The greater the degree to which an appraiser can delve into a company's financial background and the mind-set of its proprietor, the more accurate the valuation will be. Since Halas & Associates appraises only small and mid-size businesses, it affords us the opportunity to talk one-on-one with our clients.

Let's now discuss the importance of independent appraisers. In the midst of various media scandals regarding accounting mal-practice and/or fraud, it becomes more apparent than ever that if accounting is done by an in-house company, the accuracy as an appraiser may be biased or compromised. The same rings true for many acquisition approaches. Valuations done by business associates or friends may not represent true objectivity and/or valuation expertise.

For a truly independent business acquisition service, please call Halas & Associates. Our loyalty lies with our customers and with the fair and equitable valuation of their target businesses. If you're looking to acquire a business, it pays to have a valuation expert who won't mince words and who will give you the real "skinny." I'm Paul Halas, and I insist upon nothing less for every one of our clients.

## Valuation Planning Experts

It might seem like the most important part of selling a business is the sale itself, but business valuation is the foundation upon which the sale takes place. Hiring the right valuation planning expert will increase your understanding of your business. A correct appraisal will determine the ease with which you sell, because your price will be, in a word, "right" (and wholly defensible).

There are many reasons for hiring a business valuation planning expert to appraise your company. Obviously, you need a professional valuation if you're putting it on the market. But valuation is also needed if you're looking to sell your stake in a company. At Halas & Associates, we have performed scores of multiple-ownership valuations. While acrimony between partners is occasionally a factor, most such transactions are done on friendly terms, and an independent valuation ensures fairness between partners, friends and/or share holders.

I'm Paul Halas, founder of Halas & Associates. Our valuation planning experts specialize in small business appraisal. If you're selling, you want top dollar-- that's understood. At the same time, it's not in our best interest as independent business appraisers (or your best interest) to inaccurately mis-represent or inflate the value of your business. All that would do is make your business more difficult to sell. Our clients are satisfied with the work we do because we're thorough, dedicated, and our final results are rock solid and reliable.

In the 1980s, I developed the HBVS method for business valuation and appraisal, incorporating proven formula algorithms and weightings appropriate for small and mid-size businesses, their owned assets and germane financial performance. The system is called the Halas Business Valuation System (HBVS). The HBVS is designed to save our clients money and to streamline the complicated process for myself and our valuation planning experts. My methods have been proven effective and are affordable for any business.

## Small Business Valuation

One of the reasons why we enjoy working with small and mid-size businesses, in contrast to appraisals for larger firms, is that it allows us to really get to know our clients. After all, behind every business valuation is an owner who, for whatever reason, feels that it's time to move on. This is a job that never becomes monotonous. At Halas & Associates, our valuation analysts approach each new client with forthrightness and vigor.

The valuation process is especially important to small and mid-size businesses, because there is a greater chance that the sale itself will be left to the owner. Larger corporations, on the other hand, have teams of experts to negotiate massive sales. The best advantage an owner has in the profitable sale of his or her business is a correct valuation. When it comes down to negotiation, a harder stance can be taken because the data is accurate and speaks for itself.

For more than 20 years, Halas & Associates has helped American businesses (and even a few international businesses) correctly assess their private entity. Each project begins with an exhaustive financial analysis which considers cash flow, capital depreciation, future economic implications and "real" earnings. We focus on the factual data itself, because that is what the next owner will be most concerned about.

We don't subscribe to antiquated theories. Instead, our HBVS methodology takes a streamlined yet in-depth approach to determine comprehensive valuations of our clients' businesses. It all begins with an informal but frank conversation about your near- and longer-term objectives. There is no obligation or charge for the call.

## Buying A Business

Are you considering the acquisition of a business? Business valuation is not an exact science, and that's what makes for a challenging assignment with each client. It is the job of the business appraiser to provide personalized financial analysis so that the business owner and a prospective buyer receive objectivity uninfluenced by subjectivity. At Halas & Associates, we incorporate a number of different leading business valuation methods into our own system. The Halas Business Valuation System (HBVS) is designed so that priority is given to "hard" factual data, not the often emotional and unrealistic opinions of a present owner.

We look at capitalized and excess earnings, but we also look at short-term and long-term cash flow and operating assets. The industry rules of thumb have been in place for decades and are constantly evolving to incorporate high-tech businesses and non-traditional enterprises. HBVS strives for excellence in each valuation assignment.

Often a mediocre business valuation is a result of a poor or stilted relationship between client and appraiser. This is often the case with certain of the larger appraisal firms, as their efforts can be divided amongst many different projects at once. Halas & Associates prides itself on our ability to exceed the expectations of our customers through punctuality, attention to detail, openness, and sincerity.

From all over the country, owners looking to sell and investors looking to buy use us for our valuation services. If you're thinking of buying a business, you should have a good idea as to what to expect. A professional appraisal is a critical part of the acquisition process, if one is to expect realistic value. HBVS can assist with this goal.

## **Small Business Appaisal**

If you look at the available data, you'll see that an overwhelming percentage of all American firms are considered "small businesses". As you can imagine, ownership of those businesses is changing all the time. Sometimes it's an outright exchange of ownership or a buy-out/buy-in of a minority partner, and sometimes ownership is being transferred to an heir.

Regardless of the reason, business appraisal is a fundamental prerequisite of any plans for the future. Halas & Associates has for over 20 years been in the "business of business appraisal." Our appraisal services have been enlisted by small businesses as different as Portland, Maine is from San Diego, California. It doesn't matter what your business entails, we can provide accurate business appraisals and valuation services at any time.

Not all our clients are looking to buy or sell right away. Some of our clients have asked us to provide an appraisal so that they can better gauge their goals for long-term growth. Our unique valuation system, developed by founder Paul Halas, is a computer-based approach that is minimally invasive to our clients but extracts maximum objectivity and real world results.

If you are looking for affordable, equitable valuation, consider the HBVS system. As part of our appraisal services, we can provide recommendations and advice based on your unique financial goals. Our clients, at the outset of their relationships with us, are often confused about business valuation and its bearing on selling price. At the end, they have a thorough understanding of both.

## **What Is a Business Valuation?**

You may be confused as to what the difference is between a business valuation, a business evaluation and a business appraisal. An appraisal and a business valuation are in essence the same thing: placing an educated calculation of the market value of a present operating business. A business valuation can also provide the value of a future start up business.

When the term evaluation is used, as opposed to business valuation, it is primarily used in the context of management and measurement. It is an overall assessment of a given business, tracing its effectiveness. A business valuation is more concerned with money, assets and liabilities. A business valuation may be required for many different reasons, including investment analysis, capital budgeting, merging or acquiring another company, financial reporting, litigation or tax reporting. Additionally, a business valuation may be requested if the owner of an entity is interested in selling a property or getting a loan for a startup company.

A neutral third party must conduct a business valuation, and they are usually Valuation Analysts. A professional business valuation must offer results that are accurate, prompt and cost effective. Years ago, it was very difficult for a company to get a proper business valuation in a reasonable amount of time. Thanks to the internet and state-of-the-art technology, the turnaround time can be a matter of a few days.

For a trustworthy third party company to handle your business valuation project visit [Halas.com](http://Halas.com). The Halas Business Valuation System has been working for small and larger companies alike, since 1985. HBVS has provided consulting services for business owners, prospective buyers, CPA's, accountants, lawyers and investors. All information is kept confidential and the company does not charge for a preliminary analysis. Contact us for more information.

## **A Small Business Appraisal is Worth It**

Are you a small business owner? Do you own a restaurant, a convenience store, a bookstore, or some other small business? If so, it is important to understand the importance of small business appraisal. A small business appraisal company can determine the current market value for your business.

A small business appraisal is appropriate for many reasons. For example, if a larger company is interested in acquiring your business, a solid market value can be presented to them by securing a small business appraisal. Another reason is if you are interested in retiring from your business.

Also, a small business appraisal company can give you a solid market value for you to negotiate with. When you know what your small business is worth by way of a small business appraisal, you are in a firm position to do what is necessary for selling your business or handing it over to others, and do so at an attractive price level.

And finally, getting your professional small business appraisal is easier today than ever before. The Internet allows you to apply online. You'll be asked about your business, your areas of interest and other information needed to get started. Once you've submitted that information you will be contacted with a complete package of material sent by mail.

The Halas Business Valuation Service was founded in 1985. It's a proven method that has been used to evaluate retail shops, restaurants, and many other small businesses.

## **How Business Valuation Can Help**

When you own a business it's a good idea to have it valued from time to time to determine its market worth. Business valuation is the method used to determine the value of your business. There are many reasons why a business valuation should be performed. If you are considering selling your business you need to know how to price it properly. Another reason is to get a loan. A bank will want to know the value of the business before they approve a business loan application. Another reason is in the case of divorce or partnership breakups. It's also a good idea to know what your business is worth by having its value updated every year or two.

### **How Business Valuation Can Help You**

And still another reason to order a business valuation is to make sure that you know your business worth at any given point in time. If you are considering a loan you'll want to have your own review done so that you have an idea how much money you will be able to borrow. You will receive a comprehensive written report that can be used as you need it. If you are considering purchasing a business you'll want to have a business valuation completed for the business you are targeting. Even if they have already completed a valuation you may want to hire your own company to complete a business valuation as a double check of results. The service will serve to help both a business owner and a prospective buyer.

### **Choosing a Business Valuation Service**

When you do order a business valuation you'll want to locate a company that has a reputation for providing valuation services exclusively. Look for a company that has experience in completing these services for a number of different firms in many industries. Choose a company that has trained individuals for this specialized financial process. You can often review a sample of their services by looking at their website. It's best to find a business valuation company that has had experience with hundreds, if not thousands of prior clients. Review their literature available on the methodology used along with client lists and testimonials. And finally, regarding the price of the valuation service, you will find that in the valuation profession an old adage probably applies ... "You really get what you pay for!" What more can be said.

## **Do You Need A Business Valuation?**

A business valuation is the process of determining a company's economic value, as well as the owner's interest in the business. Business valuation might be required to estimate a selling price for a commercial property, resolve legal disputes related to an estate, to settle the terms of divorce, to liquidate assets for bankruptcy and for a host of other financial matters. Many elements must be considered before a company can provide a professional valuation, including economic conditions (locally, nationally and globally) as well as a financial analysis allowing for income, asset and market approaches. The more established your company becomes, you can count on receiving a call from a larger firm which has targeted your company for acquisition. In this scenario having a professional business valuation "in your pocket" can save you tens of thousands, if not hundreds of thousands of dollars, at the closing table.

## **Are You Interested in Business Valuation?**

So what are business valuations? Business valuations refer to a process of analyzing a company's value financially. However, it doesn't merely figure in the price of the property, but essentially the complete interest that an owner has in the property, including all of its operating and intellectual assets. Such a valuation may be necessary in the event that the owner wishes to sell the business, take out a mortgage, or resolve legal matters such as divorce or bankruptcy. The financial information of a company must first be valued along with an analysis of the economy--speaking for the local area, the state, the country and even the world. Services that perform valuations usually ask for a complete package of background and historical information, along with applicable financial records.

According to the IRS (revenue ruling 59-60), fair market value (FMV) for a business, is what a willing buyer would pay a willing seller when each party has received complete information and neither is under undue pressure to act.

## **Looking For Small Business Valuations?**

Small business valuations can be helpful to the small business owner who needs an educated estimate of the market value of his business. This does not merely refer to the property value, but the entire operating business. Elements considered in making small business valuations will include available funds, assets, liabilities, established customer lists and intellectual property. Why might a business valuation be needed? A small company may request one if the owner is seeking to sell the business, merge with another company, acquire another business or settle a legal dispute, such as divorce or bankruptcy. A neutral third party will be called upon to make a professional small business valuation and will usually request an historical background, along with current financial records. If the owner applied online or by phone the valuation could be completed in a matter of days.

## **The Real Value of Business Appraisals**

There is a significant value to business appraisals when owners or investors are looking to sell or to buy a business. Hiring a neutral party, one who has credentials and experience in performing business appraisals, can assure the best deal for both parties involved in the sale.

Business appraisals take into consideration multiple factors and can protect a seller from under valuing their business, as well as letting a buyer know the true value of the business. The factors considered must include real property such as vehicles and equipment and will also include real income stream as well as growth potential.

Once a "real world" value has been determined, the true value of business appraisals can be seen as it lets both buyer and seller come to reasonable terms. A buyer can negotiate to a price that leaves financial breathing room, while the seller receives the best price possible.

## **No Guesswork with a Good Business Valuation**

There are many agencies and companies which offer business valuation services, but it is only the most reliable that provide a thorough "real world" value for a business. This means that the agency performing the business valuation will require all current financial documentation to get a true picture of business performance.

An accurate income stream and performance picture is required to create a valid business valuation that will offer a business owner, bank, or potential buyer a realistic understanding of the true worth of the business. Many valuations are performed using only assets and related performance, but a good business valuation also looks at present performance plus current trends as project inputs.

There should be zero guesswork in a good and thorough business valuation, it should require complete disclosure and provide an accurate and realistic financial picture of a business.

## **Why Business Valuations are Necessary**

You own a business and you "think" you know just how much it is worth - you may take into consideration the assets such as computers, equipment, vehicles and buildings, and you may consider what the usual profits are and where they may be at the end of the business year. By doing so, you believe you have generated a realistic figure for a bank or even a buyer. While certainly important, this is probably not an accurate picture, or a "real world" figure for your business.

Business valuations take more than just a snapshot of a business; they examine every level of operation to see what the true, up to the minute value of any particular business really is. Business valuations require income stream information, debt information, property and equipment values, and set a realistic value in the face of the current market or economy.