

THE VALUATION PROCESS

HOW WE VALUE RESTAURANTS

A business valuation is based on both qualitative and quantitative factors. We examine both sets of factors before we arrive at the estimated value of your company. Properly determining the value of a company is time-consuming and tedious because there are dozens of factors that must be taken into consideration. Our proven approach is well-structured and based on examining hundreds of transactions, which allows us to quickly identify the factors that have the largest impact on the value of a restaurant.

THE STEPS IN OUR PROCESS

1. First, we request financial statements—generally, monthly Profit & Loss statements (P&Ls) for the trailing 12 months (TTM), year to date (YTD) and prior 2 years. We also request a list of P&L adjustments you would like us to review.
2. Then, we send you a detailed questionnaire to complete. We use the questionnaire to identify factors that can positively or negatively affect the value of your company.
3. Next, after we receive your financial statements, adjustments and completed questionnaire, we review and discuss these items with you to understand your business at a deeper level.
4. Then, we normalize and “spread” the numbers (put them in our internal spreadsheet so we can analyze them). This helps us spot trends in your business that may negatively or positively impact the value of your business.
5. Then, we prepare a comparative P&L that enables us to analyze the normalized P&Ls from year-to-year to further identify trends or inconsistencies in your business.
6. Next, we discuss with you any additional questions we have about the business.
7. Then, with these final details, we complete our financial model.
8. Finally, we send our spreadsheet and a Letter of Valuation to you and have a lengthy conversation discussing the adjusted numbers, multiple and valuation.