

The market is flooded with capital, and more investors are putting it into private companies. But you can't make the right decisions if you don't know your business's value. Here's how to find out

What's Your Company

Worth

Now?

It seems like something every business owner would know: his or her company's likely price tag. Such knowledge, after all, is a key factor in any business decision. If you're meeting with potential investors, for example, you have to know your company's number—as well as the sums other companies in your industry are fetching—if you want to negotiate a favorable deal. Even if you're not talking to investors or acquirers, a valuation can serve as a reality check on how your business is progressing.

Unfortunately, because so many transactions go unnoticed and unreported, owners of private companies almost always have a tough time determining the value of their investment. So for the fourth straight year, Inc. has partnered with Portland, Oregon-based Business Valuation Resources, a leading provider of data about private company transactions, to create our most comprehensive business valuation guide yet. The graphics, tables,

and work sheet on the pages that follow are based on 3,339 transactions between January 1, 2003, and September 29, 2006, in 156 different industries, and shed a rare spotlight on the world of private company transactions.

What does the data tell us? Companies in the life-sciences, energy, financial services, and technology boast high sale prices and robust sale multiples. The lower reaches, as in years past, are home to smaller businesses: retailers, plumbers, and the like. Which leads us to publishing. We've won-

dered how our company, and industry, measure up. In years past, Business Valuation Resources lacked sufficient data on media companies. But this year, publishing and periodicals make an appearance. We're pleased to say they're selling well in the premium zone, with a median sale price of about \$30 million. So now we know a little something more about our industry. In the pages that follow, you will learn more about yours. —Larry Kanter

A Universe of Value

This chart depicts the current marketplace for private companies. Here's how to read it:

Industries that appear above the diagonal line (in the white zone) sell at a premium to annual sales. Those that fall below the line (in the blue zone) sell at a discount to annual sales.

The bubbles reflect the size the industry's median sales multiple.

The horizontal axis measures median annual revenue; the vertical axis measures median sale price.

The most valuable industries can be found in the far right and upper region.

The least valuable businesses can be found in the lower left region.



