

What Your Business Is Worth

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What 10,212 Company Sales Reveal About the Price of Yours

Neil P. Bostick

What Your Business Is Worth: What 10,212 Company Sales Reveal About the Price of Yours

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This book is general information about how privately held businesses are valued and sold. It is not an appraisal or a fairness opinion, and it is not legal, financial, tax, lending, accounting or investment advice. Nothing in it values any particular business; consult a credentialed appraiser, a tax adviser and an attorney before acting on your own facts. Transaction data, lending rules, tax rules and survey figures come from the sources cited in the notes and described in Appendix A, as they stood in 2026; the comparables archive was analyzed as of 1 October 2026 and the SBA lending rules described are SOP 50 10 8.1, effective 1 October 2026. SBA and IRS rules change, and the text says where a figure is a survey, a thin sample or the author's judgment.

The author founded FIH, an M&A advisory firm that earns fees when owners sell businesses and when valuations are prepared, and operates FairlyValued.com, which publishes the comparables archive analyzed here. See “How to Read This Book.”

Evidence grades. ●●● strong: audited or official filings, complete data used for what it directly records, the text of a rule or standard, or exact arithmetic on stated inputs. ●●○ probable: consistent patterns in large datasets with a plausible mechanism. ●○○ speculative: small samples, single or self-reported sources, forecasts. Judgments carry no grade.

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How to Read This Book

This is a book of distributions. It will not tell you that your business is worth four times earnings, because no source can say that about a business it has never seen. It shows you what comparable businesses actually sold for, how widely those prices were spread, how many deals stand behind each number, and how often a price estimated from comparable sales turns out to be wrong. Every multiple the book computes comes with a sample size, written n , and a range. Where a source publishes only a single figure, the book says so.

Multiples are written the way the trade writes them: “8.9x EBITDA” means 8.9 times EBITDA, and revenue and SDE multiples work the same way.

The evidence grades

A few claims carry a three-dot grade. Only contested or load-bearing factual claims get one, and only the first time they appear in the book:

- strong: audited or official filings, complete data used for what it directly records, the text of a rule or standard, or exact arithmetic on stated inputs.
- probable: consistent patterns in large datasets with a plausible mechanism.
- speculative: small samples, single or self-reported sources, forecasts.

No claim is graded higher than its source’s own caveats allow. My valuation model is ••◦ at best. A figure from a group of eight to 24 deals is ◦◦◦ at most, and a group of fewer than eight never gets a median printed, only the words “too few deals”.

Judgments carry no grade. When a sentence says “I think” or gives a view without a source, it is my opinion as an adviser, and you should weigh it as one.

Where the numbers come from

The comparables archive. 10,212 company sales from late 2014 to mid-2025, published at FairlyValued.com and analyzed for this book in October 2026.¹ Chapter 1 describes it.

The accuracy test. Every deal with a disclosed multiple was priced from the other deals in its sector, and the estimate was compared with the price actually paid. A separate hold-out test does the same for my own blended valuation model. Chapter 7 reports both.²

The Market Pulse survey. A quarterly survey of business brokers and M&A advisors run by the International Business Brokers Association (IBBA) and the M&A Source. It reports deals under \$2 million of price as multiples of seller’s discretionary earnings (SDE), and deals from \$2 million to \$50 million as multiples of EBITDA.³ Chapter 3 covers it.

Primary rules. The SBA’s lending rules in force from October 2026, IRS Publication 544 and related IRS pages, the IRS business valuation guidelines, and the AICPA’s valuation standard.⁴

Owner surveys. The Census Bureau’s Annual Business Survey and the Exit Planning Institute’s 2023 owner-readiness survey.⁵

Appendix A sets out the methods.

The limits that apply everywhere

Six limits sit under every number drawn from the archive. They are stated here once so that the chapters do not have to keep repeating them.

- **Its size window.** Every deal sits between one million dollars and just under a billion. Nothing is smaller or larger, and the median deal is \$97 million.
- **Few multiples.** Only 2,108 of the 10,212 deals disclose a revenue or EBITDA multiple, and every archive multiple in the book comes from those.
- **No earnings.** The archive records no revenue or EBITDA. Where the book uses either, it is implied by dividing the price by the disclosed multiple.
- **“Deal value” is what was disclosed.** It may be enterprise value or equity value, depending on the source.
- **Disclosed deals only.** Deals with a published multiple lean slightly away from US and private equity buyers (Chapter 1).
- **No terms.** The archive does not say how much of a price was paid in cash, in notes or in earnouts.

Which data covers which size

Size of deal	Main source	Measure
Under \$2 million of price	Market Pulse survey	Multiple of SDE
\$2 million to \$50 million	Market Pulse survey, plus the lower end of the archive	Multiple of EBITDA
\$1 million to \$997.5 million	Comparables archive	Revenue and EBITDA multiples, as disclosed

Below \$2 million of price, the book relies on the Market Pulse survey alone. The archive has no deal under \$1 million, and of its 201 deals between one and two million dollars, only seven disclose an EBITDA multiple.⁶ The survey publishes no sample size or range, so its figures carry less weight than the archive’s. If your business will sell for under \$3 million, Chapter 3 ends with a short route through the book written for you.

Disclosure

I founded FIH, a lower-middle-market M&A advisory firm that earns fees when owners sell their businesses and when it prepares valuations. I also operate FairlyValued.com, which publishes the comparables archive. You should know that before you weigh anything I say about what businesses are worth.

That interest is the reason this book reports the error rates of comparable-sales valuation, my own model included, as carefully as it reports the medians. A number without its error is how owners get hurt. Apart from this page and the copyright page, FIH appears only in About the Author.

Not advice

This book is general education about how businesses are valued and sold. It is not an appraisal, a fairness opinion, or tax, legal, lending, accounting or investment advice, and nothing in it values your business. Where a decision turns on your own facts, the chapters say who has to work it through with you: an appraiser, a tax adviser, a lender.

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1. Author's analysis of the FairlyValued comparables archive (10,212 transactions, 2 September 2014 to 1 July 2025): minimum deal value \$1.0 million, maximum \$997.53 million, median \$97.0 million; 2,042 revenue multiples and 826 EBITDA multiples above zero, 2,108 deals with either; revenue and EBITDA fields empty on every row. Nine records added on 30 September 2026 fall outside the window and are excluded. <https://fairlyvalued.com>. Method in Appendix A.
 2. Author's analysis of the FairlyValued comparables archive, leave-one-out test of comparable-sales estimates; and the author's blended valuation model (65% EBITDA route, 35% revenue route), hold-out validation. Method in Appendix A.
 3. International Business Brokers Association and M&A Source, 2026, "Market Pulse: Q2 2026 Highlights", chart note: "<\$500K - \$2M in Purchase Price reflected as multiple of SDE (Seller's Discretionary Earnings); \$2M-\$50M as multiple of EBITDA". <https://www.ibba.org>
 4. U.S. Small Business Administration, 2026, "SOP 50 10 8.1, Lender and Development Company Loan Programs", effective 1 October 2026 for applications issued an SBA loan number on or after that date (SBA Information Notice 5000-880695, 14 August 2026); Internal Revenue Service, 2025, "Publication 544, Sales and Other Dispositions of Assets", and "Questions and Answers on the Net Investment Income Tax"; Internal Revenue Service, "Internal Revenue Manual 4.48.4, Business Valuation Guidelines" (22 September 2020); American Institute of Certified Public Accountants, 2007, "Statement on Standards for Valuation Services No. 1", VS Section 100.

5. U.S. Census Bureau, 2024 Annual Business Survey (data year 2023), “Characteristics of Business Owners”, employer businesses, <https://www.census.gov/data/tables/2024/econ/abs/2024-abs-characteristics-of-owners.html>; Exit Planning Institute, 2023, “2023 National State of Owner Readiness Report”.
6. Author’s count from the FairlyValued comparables archive: 201 deals of \$1 million to under \$2 million, of which 38 disclose a revenue multiple and 7 an EBITDA multiple. Method in Appendix A.

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The Number Every Owner Wants

Take a business that earns \$1 million a year of EBITDA (earnings before interest, taxes, depreciation and amortization) and ask what it would sell for. The comparables archive this book is built on gives a clear answer: \$8.9 million, at 8.9 times EBITDA, the median of the 826 deals in it that disclosed an EBITDA multiple. It gives four other answers with the same confidence. A quarter of those deals sold below 6.3 times EBITDA and a quarter above 12.9 times. One deal in ten sold for less than 4.4 times and one in ten for more than 21.9 times.¹ For the same earnings, that is anything from \$4.4 million to \$21.9 million, and every price in that band is an ordinary outcome. None of them is a mistake.

That spread is what this book is about. You will not find a single number for your business in it. You will find the range that businesses like yours actually sold across, the number of deals behind each figure, the things that move a business up or down the range, and how often a confident estimate turns out to be wrong.

The questions owners ask

Owners ask about value in a predictable order, and the search box records it. Type “how much is my business worth” into Google and it offers to finish the sentence with “to sell”, “calculator”, “based on revenue”, “based on net profit” and, a little further down, “is my business worth anything”.² Start “how much is a business worth with” and it fills in a ladder of sizes, from one million dollars in sales up to five.³

Those suggestions trace how an owner’s thinking moves. First the plain question: what is it worth? Then the practical one: what would someone pay? Then the hope that a calculator can answer it, and the

search for a handle, revenue or profit, that might turn a number you already know into the number you want. Underneath sits the worry that the answer might be nothing much at all. The chapters take these questions roughly in that order.

The trouble with a rule of thumb

Many of the answers on offer are rules of thumb: a round number of times earnings, or some fraction of sales. The valuation standard of the American Institute of Certified Public Accountants defines a rule of thumb as a formula built from price and other variables “based on experience, observation, hearsay, or a combination of these”, and says it should generally not be used as the only method.⁴ Hearsay is in the definition. Weigh it accordingly.

The deeper problem with any single figure is the spread it hides. The archive holds 10,212 company sales, published at FairlyValued.com. Its median EBITDA multiple sits inside a middle half whose top is twice its bottom, and that is before anyone knows a single fact about your business. None of this makes valuation guesswork. It means the work of valuing a business is deciding where in the range a particular business belongs and why. A rule of thumb skips that work, and this book tries to do it in the open.

The question is being asked by many owners at once. In the Census Bureau’s 2024 Annual Business Survey, 51.3% of responding owners of US employer businesses were 55 or older.⁵ Chapter 13 explains why that implies less about how many businesses will change hands than the headlines suggest. It still means a great many owners are reaching the age at which the question stops being theoretical.

Seven things the data shows

Here is where the argument ends up, with the number behind each finding and the chapter that develops it.

- A multiple is a range. The middle half of disclosed EBITDA multiples spans a factor of about two. Chapter 1 shows you how to read that distribution.
- Small businesses sell on a different measure, and for less. The archive contains no sale under \$1 million. For that territory the book uses the Market Pulse survey of business brokers and M&A advisors. In Q2

2026 it reported about 2.0x seller's discretionary earnings (SDE) below \$500,000 of price, 2.8x up to \$1 million and 3.1x up to \$2 million (●○○).⁶ SDE adds the owner's whole pay back into profit, so it is a bigger figure than EBITDA and its multiples look smaller. Chapter 2 defines the measures and Chapter 3 explains why the survey and the archive cannot simply be laid side by side.

- Bigger businesses earn somewhat higher multiples, but raw size comparisons mislead. Sorting the archive by price manufactures patterns that come from its floor and ceiling on deal size. In the part those limits do not distort, the median rises from 7.0x EBITDA for businesses with \$1 million to \$3 million of EBITDA to 10.25x for those with \$10 million to \$30 million.⁷ Chapter 5 shows how the trap works.
- Margin, not revenue, drives a revenue multiple. Among deals that disclose both multiples, the median revenue multiple climbs from 0.4x for businesses with an EBITDA margin under 5% to 3.2x for those earning 30% to 50%, while the EBITDA multiple barely moves.⁸ So when someone asks what a business with a given amount of sales is worth, the useful reply is another question: how much of those sales does it keep? Chapter 6 works through it.
- Comparable-sales estimates miss, often badly. Priced at the median multiple of the other deals in its sector, a deal's estimate was off by a factor of two or more in about a quarter of cases.⁹ My own blended valuation model, tested on deals it had not seen, missed by a factor of three or more 6.6% of the time.¹⁰ Chapter 7 reports both tests, including the sectors where comparables work worst.
- Private equity does not reliably pay more. Private equity buyers show a higher raw median, but they also buy bigger businesses. Hold size, sector and year constant and the best estimate is about 15% higher, with a 95% interval running from about 5% lower to about 35% higher: no reliable difference (●●○).¹¹ Chapter 8 sets out what that does and does not rule out.
- For a buyer using an SBA loan, the lender sets the ceiling. Under the Small Business Administration's rules effective 1 October 2026, a buyer's cash flow must cover the loan payments at least 1.25 times.¹² That rule, the interest rate and the loan term cap what a buyer without spare cash can pay. In the worked case in Chapter 9, moving the rate from 6.15% to 10.25% cuts the maximum price by about 16%.¹³

Read together, these findings point one way. The price of a private business is set by a few things that can be measured (the earnings figure a buyer accepts, the size of those earnings, the margin, and how the buyer is financed), surrounded by a wide band of things that cannot. Knowing which is which is most of what you need.

What this book will not do

It will not value your business. A book that claimed to would be doing the thing this one argues against: handing you a number without the work behind it. It shows you the evidence a competent valuer, buyer or lender will use, so that when a number arrives you can tell whether it was earned.

It will not pretend its data covers every business. The archive's median deal is about \$97 million, far larger than the typical family firm, and the front matter lists its other standing limits. Where the book moves from the archive to Main Street businesses, it says which source covers which size.

And it will not tell you which adviser, broker or lender to hire. Where it recommends a professional valuation, it describes the credentials and standards to look for, so that you can judge any firm on the same terms.

Who this book is for and how it is organized

The book is written first for owners of established businesses who are thinking about selling, whether next year or in ten. It is also for the accountants, attorneys, wealth managers and brokers who are asked "what's it worth?" and want something better than a rule of thumb to say in reply, and for buyers and searchers who want to know how sellers are being told to think. It assumes no training in finance. It does assume you can handle a median, a range and a sample size if each is explained once.

The book has five parts:

- Part One, The Number: the overall range, the earnings a multiple multiplies, Main Street businesses, and multiples by industry with the number of deals behind each.
- Part Two, What Moves the Number: size, margin, and how far comparable-sales estimates miss.

- Part Three, The Buyers: who buys and what they buy, and how lending rules cap what many buyers can pay.
- Part Four, The Deal: headline price against what you receive, taxes at a high level, and how to commission a valuation and read the result.
- Part Five, The Exit: how markets move, when to sell, and how to prepare.

The appendices give the methods, the industry tables, worksheets for doing the arithmetic on your own business, a glossary and the sources.

If you are in a hurry, read the chapters on the range, Main Street, industries, accuracy and preparation (1, 3, 4, 7 and 14), then look up your sector in Appendix B. If your business will sell for under \$3 million, the last section of Chapter 3 gives you a shorter route.

Why the error rates are in the book

I earn money when owners value and sell their businesses, and the archive is published on a site I operate. That interest is disclosed in the front matter, and it is the reason for the book's most unusual feature. Many valuation tools give a single number. This book gives the number, the range around it, the count of deals behind it, and how often a method like it misses. Where a slice of the data is too thin to support a median, it prints "too few deals" instead.

That choice costs something. A single figure is more comforting than a range, and a confident estimate is easier to sell. But the owners who come to grief in a sale are rarely the ones who were told a range. They are the ones who heard one number, planned a retirement around it, and then met a buyer, or a buyer's lender, with a different number and the data to defend it.

So read the medians in this book as the centers of distributions, and the ranges as the part that matters more. By the end you should be able to put three questions to any valuer, broker or buyer about any multiple they quote: compared with what, how many deals, and how wide is the range?

PART ONE

The Number

*What businesses actually sell for, measured on the earnings that
buyers actually pay for.*

How Much Is My Business Worth?

Start With the Range

In February 2016 Chantilly Patisserie, a maker of hand-made frozen desserts for the foodservice trade, was bought by Haydens Bakery of Devizes, England, for a disclosed \$2.69 million. The price was 4.4x the company's EBITDA.¹

About seventeen months earlier, General Mills had bought Annie's, Inc., the natural and organic packaged-food company, for \$820 million. That price was 29.7x EBITDA.²

Both companies made food. Both were bought by another food company. Both sit in the same sector of the archive this book is built on. One sold for less than five years of earnings and the other for nearly thirty. Ask a rule of thumb what "a food business" is worth and you get one number, and it would have been badly wrong for at least one of these two sellers.

The pair says nothing about size, even though Annie's was roughly three hundred times larger by price; Chapter 5 shows why sorting this archive by size manufactures patterns that are not real. What the pair shows is spread. In the archive's Food sector, the middle half of the deals with a disclosed EBITDA multiple ran from about 7.1x to 10.6x (a thin sample of 24 deals).³ Chantilly sold below the sector's lowest tenth and Annie's above its highest tenth. Nothing in either record suggests a mistake. Each price was what one buyer agreed to pay one seller for one set of earnings, prospects and risks.

So the answer to "what is my business worth" is a range anchored on a multiple of earnings, and the range is wide before anyone knows a single fact about your business. This chapter shows how wide, and teaches you to read the four figures that describe any range of multiples:

the median, the middle half, the middle eight deals in ten, and n, the number of deals behind them.

The archive behind the numbers

Most of the numbers in this book come from what I will call the comparables archive: 10,212 company sales from late 2014 to mid-2025, published on FairlyValued.com, a site I operate.⁴ Every record carries a target, a date and a deal value, nearly every one names the acquirer, and the deals are spread across 61 sector labels.

Four facts about it govern how you should read everything built on it.

The first is its size window. The smallest deal is \$1.0 million and the largest just under \$1 billion, with nothing below or above. The median deal is \$97 million. About 6% of the deals are under \$5 million, and about half are \$100 million or more.⁵ This is a lower-middle-market and middle-market archive. It describes companies large enough that their sale was reported, often because a public company bought them. It does not describe the corner shop, the two-truck plumbing firm or the single-location restaurant. Chapter 3 covers smaller businesses from a different source.

The second is that most deals do not disclose a multiple. Only 2,108 of the 10,212 report a revenue multiple, an EBITDA multiple, or both.⁴ Every multiple this book quotes from the archive comes from those deals.

The third is that the archive does not contain the earnings themselves. Where the book talks about a deal's revenue or EBITDA, the figure is implied by dividing the deal value by the disclosed multiple. Chantilly's implied EBITDA is roughly \$600,000, and Annie's roughly \$28 million.⁶ That is arithmetic on disclosed figures, not an audited number.

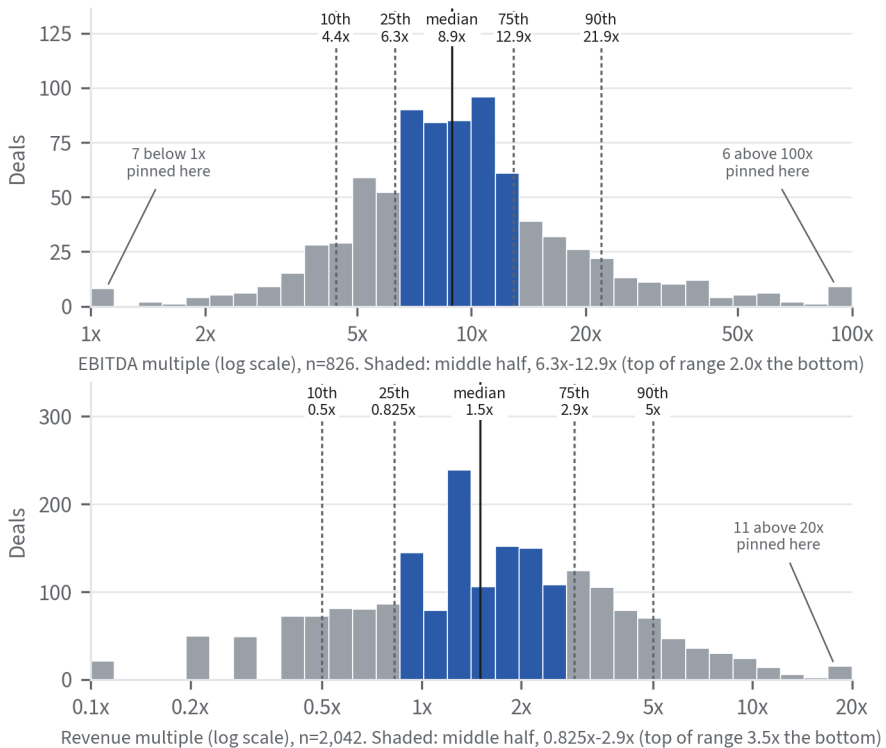
The fourth is that "deal value" is the price as the parties disclosed it. Depending on the source, that may be enterprise value (the price for the whole business, including any debt the buyer takes on) or equity value (the price for the shares, after debt), and the archive does not say which.⁴ For a business with little debt the two are close; for a heavily indebted one they can differ a lot. So the book says "deal value" or "price", and an EBITDA multiple here simply means the disclosed price divided by EBITDA.

Reading a distribution

Evidence grades: ●●● strong · ●●○ probable · ●○○ speculative

Figure 1.1 shows every disclosed multiple in the archive, EBITDA on the left and revenue on the right. Each bar counts the deals that sold within a narrow band of multiples, and the shaded zone is the middle half.

Disclosed multiples, 2014-2025



Source: FairllyValued comparables archive, deals to 1 July 2025.

Figure 1.1. Disclosed multiples are wide: the middle half of EBITDA multiples runs from 6.3x to 12.9x and the middle half of revenue multiples from about 0.8x to 2.9x. Source: author's analysis of the FairllyValued comparables archive, deals dated 2 September 2014 to 1 July 2025; n=826 EBITDA multiples, n=2,042 revenue multiples.

Read the EBITDA side from the middle out.

The median, 8.9x EBITDA, is the deal in the middle: half of the disclosed EBITDA multiples are below it and half above. With this many deals the median itself is pinned down tightly. Resampling the deals thousands of times gives a 95% interval of 8.45x to 9.4x (●●● for the ar-

chive, ●●○ for the wider market).⁷ The median is reliable. What is unreliable is how far any individual deal sits from it.

The middle half, 6.3x to 12.9x, runs from the 25th to the 75th percentile, so a quarter of deals sold below it and a quarter above. Its top is about twice its bottom. If someone tells you a business “like yours” sells for “around nine times”, half of the deals that disclosed a multiple landed in a band whose top is double its bottom, and the other half landed outside it.

The middle 80%, 4.4x to 21.9x, runs from the 10th to the 90th percentile: eight deals in ten. Its top is about five times its bottom. Chantilly sold at the very bottom edge of this band and Annie’s well above its top.

The n, 826, tells you how much to trust all of the above. When n is large, as here, the shape of the distribution is reliable even if no single deal is predictable. When n is small, the shape itself is uncertain. This book calls a group of fewer than 25 deals thin, and never prints a median from fewer than eight.

A percentile is not a floor or a ceiling. The 25th percentile does not mean a business cannot sell for less (a quarter of the deals did), and it does not mean a business is “worth at least” that figure. It describes where other deals landed, nothing more. Owners sometimes hear the bottom of a range as an insult and the top as a promise. Read both as information about the market, and the middle as where most negotiations start.

Now apply it to an illustrative business with \$2 million of EBITDA, ignoring for the moment everything else about it. At the archive’s median it would be priced at about \$18 million. The middle half puts it between about \$13 million and \$26 million, and the middle 80% between about \$9 million and \$44 million. That is the width of the answer before anyone has looked at the business.

Knowing more narrows the range, but less than you might hope. Within the part of the archive where size comparisons are valid, deals with \$1 million to \$3 million of implied EBITDA sold at a median 7.0x, with the middle half from 5.0x to 9.4x (n=129).⁸ For the same business the whole range shifts down, and its top is still almost twice its bottom. Narrowing by industry helps in some sectors and hardly at all in others.

How much does that width matter in practice? The accuracy test in Chapter 7 prices every deal with a disclosed EBITDA multiple at the median of the other deals in its sector, then compares the estimate with

the real price. A quarter of those estimates miss by a factor of two or more, meaning the estimate was more than double the real price or less than half of it.⁹ Quoting a range is not hedging. It is the most accurate statement the evidence allows.

What moves a business within the range

If the range is this wide, the useful question is where your business sits inside it. Most of the rest of the book answers that, so here is the whole map once.

Some of what moves a price can be measured in the archive. Size moves it modestly, once the archive's cut-offs are handled properly (Chapter 5). Margin moves the revenue multiple a great deal and the EBITDA multiple hardly at all (Chapter 6). The market moves it: deals in recent years were priced higher than deals a decade ago, even after allowing for sector mix (Chapter 13).¹⁰ Industry moves it, though less than most owners expect (Chapter 4). Who buys moves it less than the popular story says, once size and sector are accounted for (Chapter 8).¹¹

Some of it cannot be measured here at all. The archive records nothing about how concentrated a company's customers were, how much of the business depended on its owner, how fast it was growing, whether its revenue recurred under contract, or how clean its books were. Buyers spend most of their diligence on exactly those questions, and I think they explain much of the spread inside any sector. This book cannot put a number on them.

And some of what looks like price is really terms. A headline price paid partly in an earnout or a seller note is worth less than the same figure paid in cash at closing, and the archive does not record terms. Chapter 10 deals with that.

Why revenue multiples are wider

The revenue side of Figure 1.1 is wider still. Across all 2,042 disclosed revenue multiples the median is 1.5x revenue, and the middle half runs from about 0.8x to 2.9x, a top roughly three and a half times the bottom. Eight deals in ten fall between 0.5x and 5.0x, a top ten times the bottom.⁷

The reason is arithmetic. A revenue multiple bundles two things: the EBITDA multiple a buyer will pay, and the share of revenue that be-

comes EBITDA. Take two illustrative businesses that each sell for 9x EBITDA. One converts 10% of its revenue into EBITDA, so it sells for 0.9x revenue. The other converts 25%, so it sells for about 2.3x revenue. Same EBITDA multiple, revenue multiples more than twice apart. In the archive, the deals that disclosed both multiples imply a median EBITDA margin of about 15%, with the middle half running from about a tenth of revenue to about a quarter.¹² All of that spread in margin feeds into the spread in revenue multiples.

That is why the book treats an EBITDA multiple as the anchor and a revenue multiple as a cross-check. A revenue multiple without a margin is two unknowns pretending to be one. Chapter 6 shows how strongly revenue multiples track margin.

Medians, not averages

The mean, or simple average, of the disclosed EBITDA multiples is 12.7x. The median is 8.9x.⁷ The average is higher than nearly three deals in four, because a long tail drags it up: 29 deals carry an EBITDA multiple above 40x. The largest is 192.5x, the price Plusgrade paid for the loyalty-technology company Points.¹³ At 1.0x revenue, that deal was not extravagant. Points was earning about half a cent of EBITDA per dollar of revenue, and dividing an ordinary price by almost no profit produces a heroic multiple.

One deal like that can shift an average noticeably and a median by no more than a step. Revenue multiples show the same pattern, with a mean of about 2.5x against a median of 1.5x.⁷ Any source that quotes you an average multiple without a median is giving you a figure that describes few actual deals. This book quotes medians, plus the middle half or the middle 80%, every time, and uses extremes like Points only to illustrate the tail.

Which deals, and which years

Two choices sit behind every headline number.

The first is the time window. The archive's earliest records come from its first import, and the site has since retired 1,000 of those rows from public view as too old to serve as comparables.¹⁴ Annie's is one of them. The numbers in this chapter include them. Leaving them out moves the medians only slightly, to 1.6x revenue and 9.0x EBITDA. Restricting the

archive to deals from 2019 onward moves them more, to 1.8x revenue and 9.9x EBITDA.¹⁵ The book uses all disclosed deals unless it says otherwise: the full set gives the largest n, and the differences between scopes are smaller than the spread within any of them.

The second is which deals get counted at all, and here nobody has a choice: only deals where someone disclosed a multiple can be counted. The question is whether those deals differ from the rest. The archive allows a partial check. Deals that disclose a multiple look similar in size to deals that do not, with median deal values of \$99.6 million and \$95.9 million. But 48.6% of them had a US acquirer and 7.2% a private equity acquirer, against 56.2% and 10.2% for deals that disclosed nothing (●●○).¹⁶ So the deals behind the multiples lean slightly away from US buyers and from private equity. My guess at the reason is that listed companies in many countries must publish deal terms while private buyers need not. The difference is modest, but it is why every market-wide statement in this book should be read as probable rather than certain.

How much is a business worth with \$2 million in sales?

This is one of the commonest forms of the question, and the archive can answer it, with two warnings attached.

At the archive's median of 1.5x revenue, an illustrative business with \$2 million of sales would be priced at \$3 million, and the middle half of revenue multiples puts it at roughly \$1.6 million to \$5.8 million.⁷ That band is wide enough to cover both a modest retirement and a comfortable one.

The first warning is margin. A business keeping a twentieth of its revenue as EBITDA and one keeping nearly a third are not the same asset, and no buyer will pay the same for them. The range above spans all margins at once, so until you put your own margin into the calculation it is close to useless as a price. Chapter 6 shows how.

The second warning is size. The archive's revenue multiples come from businesses much larger than this one. Businesses selling for a few million dollars or less are usually priced on a different earnings measure, seller's discretionary earnings, which Chapter 2 defines, and Chapter 3 gives the best free evidence for them. Do not take a revenue

multiple from this archive and apply it to a small owner-operated business.

So the archive's bracket is where the work starts, not where it ends. You need your margin and your size band before any figure inside it means anything.

What this does not show: Where your business sits in the range. The archive records nothing about customer concentration, growth, recurring revenue or dependence on the owner, the things buyers spend most of their diligence on.

Do this

- **Write your earnings figure down before you look at any multiple.** Use EBITDA if your business is likely to sell for more than a couple of million dollars, and seller's discretionary earnings if less (Chapter 2 explains both). A multiple applied to the wrong earnings is wrong however good the multiple.
- **Ask for the n and the middle half.** When anyone quotes "a multiple", ask how many deals it came from and where the middle half of them sat. A multiple from a thin sample is a hint; from a handful of deals it is an anecdote.
- **Turn every single-number valuation into a range.** At minimum, multiply your earnings by the low and high ends of the middle half as well as by the median. Across the archive that range has a top about twice its bottom on EBITDA. If yours is much narrower, ask what justifies it.
- **Use a revenue multiple only as a cross-check, and only alongside your margin.**
- **List the things the archive cannot see** (customer concentration, dependence on you, growth, recurring revenue, the state of your books) and note where your business stands on each. They decide where in the range a buyer will place you.

End of the free sample

You have read the Introduction and Chapter 1 of What Your Business Is Worth. The full book continues with SDE and EBITDA, Main Street multiples, multiples by industry with sample sizes, the censoring trap, how often valuations miss, who buys, the SBA debt ceiling, deal terms, taxes at a high level, getting a valuation done properly, and preparing for sale, plus industry tables and worksheets.

Paperback and Kindle: available on Amazon.

More, including the data behind the book: fairlyvalued.com/book

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