



What is the value of my business?

Description

Since estimating the value of the business is more an elusive thing, estimating the value of your company (company valuation) is very often a rough guess or estimate, using these three methods will help you calculate a rough figure. Use your year 1, year 2, year 3 or even year 5 valuation if you have these. Quite helpful if you are looking for (new) funding.

How do you calculate the value of your business?

When you are actively managing your business, or when you are in need of extra or new capital in order to get a business loan or extra capital for increased growth, or you are just curious how much your business idea could be worth, you are in need to calculate roughly the value of your business.

How much is my business worth?

Find 3 ways to calculate the business value. It is closely tied with the question of how to get (enough) capital for my business? [link]

First, you need to have your financial sheets available. Think like a (estimate) revenue forecast, a cost overview, how much money you need for your business, cashflow statements etc. Then look at your profit or (estimate). You can calculate 3 or even 5 years ahead and use these numbers in your valuation. It helps calculating your business worth with these methods. This allows you to estimate the value of your business. This is also important for getting a business loan.

Three methods for simple business valuation

Method 1 – Discounted Cashflow

Discount your operational free cashflow in year five + netto contante waarde (^5)

Method 2 – 2x Revenue

Multiply your revenue times 2. That's one valuation

Method 3 – 20x profit value. (Earnings per Share (EPS))

Multiply the yearly profit, or the profit in year 5 by 20 times. That's one valuation

Post money / pre-money – out of scope

This will get you the 'value of a business, of course the business is more with you in it. As you are the driver of your business venture.

Mix these and calculate roughly how much your business is worth. This can be a nice to know, or a need to know in order to get funding valuations.

It also shows you have done your homework on the financial parts.

If you are in need to calculate it more closely and detailed you can use special business software.

Use software to calculate your business value

There is some helpful business software on the market, to help you calculate the value of your business even deeper. We have good experience with this company. You could try this out and see what your experience. [Equidam](http://www.equidam.nl) listing: www.equidam.nl – expert in Business Valuation. Recently changed its pricing model to paid.

Category

1. Business Growth
2. Finance
3. Running a Business

Date

08/29/2025

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