



Value Driver Analysis

Learn what buyers look for and how to position your business to command a premium price

Prepared by Prevail Transaction Partners

How to Use This Analysis

This analysis is designed to show you how buyers evaluate businesses and why certain companies command premium pricing while others do not.

Rather than focusing on valuation formulas or headline multiples, this resource breaks value down into the *specific drivers* buyers care about most. It also helps you understand how those drivers influence pricing, deal structure, and buyer confidence.

Some sections explain how buyers think. Others ask you to assess how your business would be viewed through a buyer's lens today. The goal is not to score yourself perfectly, but to understand where focused effort can materially improve outcomes.

Use this analysis to:

- Learn what buyers prioritize when determining price and terms
- Identify which value drivers are helping or limiting your valuation
- Decide where preparation could help you command a stronger price or cleaner deal structure

How to Score

Use the scale below to assess how this value driver would likely be viewed by a sophisticated buyer today.

1 = Material weakness. This area would likely reduce value or complicate a sale.

2 = Below expectations. Gaps are evident and would require explanation or remediation.

3 = Adequate. Meets baseline expectations but does not differentiate the business.

4 = Strong. Positively supports value and buyer confidence.

5 = Premium. This driver materially contributes to a higher valuation or cleaner deal structure.

Value Driver 1: Quality of Earnings

Why this matters

Buyers are ultimately purchasing cash flow. Businesses with consistent, predictable earnings command higher multiples and more favorable deal terms.

Buyers look closely at:

- Consistency of revenue and margins
- Recurring or repeat revenue
- Clarity around adjustments and add-backs
- Visibility into future earnings

Your reflection

- Are earnings stable or volatile year over year?
- Can you clearly explain what drives profitability?
- Are add-backs reasonable and well-documented?

Current assessment

1 2 3 4 5

Value Driver 2: Revenue Quality & Customer Mix

Why this matters

Not all revenue is valued equally. Buyers discount businesses with high concentration risk or unpredictable demand.

Buyers assess:

- Customer concentration
- Contracted versus transactional revenue
- Length and durability of relationships
- Retention and repeat business

Your reflection

- How diversified is your customer base?
- What percentage of revenue comes from your top customers?
- How predictable is future demand?

Current assessment

1 2 3 4 5

Value Driver 3: Owner Independence

Why this matters

The more dependent the business is on the owner, the higher the perceived risk. Businesses that run without daily owner involvement are more transferable and command stronger valuations.

Buyers evaluate:

- Owner involvement in sales, operations, and relationships
- Depth of management
- Ability to transition knowledge

Your reflection

- Could the business operate effectively without you?
- Are key responsibilities delegated?
- Is institutional knowledge documented?

Current assessment

1 2 3 4 5

Value Driver 4: Systems, Processes & Scalability

Why this matters

Documented systems reduce risk and allow buyers to scale the business efficiently.

Buyers consider:

- Repeatable processes
- Use of technology and systems
- Ease of scaling without heavy reinvestment

Your reflection

- Are core processes documented?
- Can the business grow without breaking?
- Are systems dependent on specific individuals?

Current assessment

1 2 3 4 5

Value Driver 5: Team & Leadership Strength

Why this matters

A capable team reduces transition risk and increases buyer confidence.

Buyers assess:

- Management depth
- Employee retention
- Incentives and alignment

Your reflection

- Do you have leaders who can carry the business forward?
- Are key employees likely to stay post-sale?
- Are roles and accountability clear?

Current assessment

1 2 3 4 5

Value Driver 6: Market Position & Competitive Advantage

Why this matters

Businesses with clear differentiation and defensible positioning command premium valuations.

Buyers evaluate:

- Competitive landscape
- Differentiation or niche focus
- Barriers to entry

Your reflection

- What sets your business apart?
- How easy would it be for a competitor to replicate your offering?
- Is your positioning clear to buyers?

Current assessment

1 2 3 4 5

Value Driver 7: Risk Profile

Why this matters

Lower perceived risk leads to higher value and cleaner deal structures.

Buyers look at:

- Are risks known and manageable?
- Are there issues that could delay or derail a deal?
- Have risks been addressed proactively?

Your reflection

- Are risks known and manageable?
- Are there issues that could delay or derail a deal?
- Have risks been addressed proactively?

Current assessment

1 2 3 4 5

Prioritizing What Matters Most

Not all value drivers carry equal weight at all times. The goal of this analysis is to identify the two or three drivers where focused effort could create the greatest impact.

Based on your assessment

Top value drivers to strengthen are:

1.

2.

3.

Next Steps

Understanding value drivers gives you leverage.

You may choose to:

- Strengthen key drivers before selling
- Improve deal structure and optionality
- Clarify expectations around price and timing

If you would like help interpreting this analysis or identifying where effort will have the greatest return, we invite you to continue the conversation.

Visit www.prevailprtnrs.com to explore next steps.