PREVAIL
TRANSACTION PARTNERS

SELLER'S TOOLKIT

Value Driver *Analysis*

Learn what buyers look for, and how to position your business to command a premium price. A seven-driver framework with a self-scoring worksheet.

Prepared by **Prevail Transaction Partners**

prevailprtnrs.com

HOW TO USE THIS ANALYSIS

Understand value the way a buyer does.

This analysis shows 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, it breaks value into the specific drivers buyers care about most, and shows how each one influences pricing, deal structure, and buyer confidence. Some sections explain how buyers think; others ask you to assess how your business would look through a buyer's lens today. The goal isn't a perfect score — it's understanding where focused effort can materially improve your outcome.

Use this analysis to

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

How to score each driver

1 — Material weakness **2** — Below expectations **3** — Adequate **4** — Strong **5** — Premium

> Rate how each driver would likely be viewed by a sophisticated buyer **today**. A **1** would reduce value or complicate a sale; a **5** materially contributes to a higher valuation or cleaner structure. Then use the final section to prioritize the two or three drivers where effort will pay off most.

VALUE DRIVER 01

Quality of Earnings

Why this matters

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

What buyers look 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?*

YOUR SCORE 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

VALUE DRIVER 02

Revenue Quality & Customer Mix

Why this matters

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

What buyers look at

- 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?*

YOUR SCORE 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

VALUE DRIVER 03

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.

What buyers look at

- Owner involvement in sales, operations, and relationships
- Depth of the management team
- Ability to transition knowledge to a new owner

Your reflection

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

YOUR SCORE 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

VALUE DRIVER 04

Systems, Processes & Scalability

Why this matters

Documented systems reduce risk and let a buyer scale the business efficiently after the sale.

What buyers look at

- Repeatable, documented 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?*

YOUR SCORE 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

VALUE DRIVER 05

Team & Leadership Strength

Why this matters

A capable team reduces transition risk and increases buyer confidence that performance will continue after you exit.

What buyers look at

- 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?*

YOUR SCORE 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

VALUE DRIVER 06

Market Position & Competitive Advantage

Why this matters

Businesses with clear differentiation and defensible positioning command premium valuations.

What buyers look at

- The competitive landscape
- Differentiation or niche focus
- Barriers to entry

Your reflection

- *What sets your business apart?*
- *How easily could a competitor replicate your offering?*
- *Is your positioning clear to buyers?*

YOUR SCORE 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

VALUE DRIVER 07

Risk Profile

Why this matters

Lower perceived risk leads to higher value and cleaner deal structures. Buyers reward businesses that have identified and addressed their risks proactively.

What buyers look at

- Whether key risks are known and contained
- Legal, regulatory, and compliance exposure
- Concentration, dependency, and continuity risks

Your reflection

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

YOUR SCORE 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

PUTTING IT TOGETHER

Prioritize 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 on your value and deal structure.

Based on your assessment, the top drivers to strengthen are:

1. ____

2. ____

3. ____

Turn insight into leverage

Understanding your value drivers gives you options — to strengthen key drivers before selling, improve deal structure and optionality, or clarify expectations around price and timing.

If you'd like help interpreting this analysis or identifying where effort will have the greatest return, visit prevailprtnrs.com to continue the conversation.