

# Business Valuation Services Insights

The growing demand for recurring business advisory valuations

Grant Bloxham, CEO of Bstar is considered an accounting industry thought leader.



Traditionally, a business valuation was a 'one-off' client engagement, a specialist service obtained when it was needed. However, changing business conditions are triggering a growing trend.

Clients are seeking recurring **business advisory valuations**. They want to know the true value of their business, & how it is changing over time.

**How many of your clients accurately record a current business value in their balance sheet and/or personal statement of financial position?**

SME succession & retirement issues have been around for a long time, but the turmoil of the last few years has hit business owners' plans particularly hard. Research shows **88% have a 'value gap' risk\***.

They want certainty & business advisory valuation advice to attain **financial independence**.

Packaged financial independence solutions are a key growth opportunity for accountants & financial advisors who advise Small Businesses, SMEs & MEs.

These services support clients through succession & transition events. They also generate high margin, fee-for-service recurring revenue streams & identify new insurance & wealth management opportunities well in advance.

\*Bstar's 2020/21 SME Research Report. The 'value gap risk' is the risk that the business value is not sufficient to support next life stage plans, or to fund retirement.

## Ideal Clients & 3-step Advisory Process

The ideal clients for business advisory valuations are owners wanting to sell or exit in the next 3 - 5 years. Innovative practices are implementing a 3-step client services process featuring business advisory valuations at the start & end of the engagement supported by a sounding board solution.

### Step 1: Value & benchmark the business.

At the start of the client engagement a business advisory valuation is completed to determine the current value of the business. Future improvement opportunities are then identified using industry benchmarking data & 'What -if' analysis calculations.

### Step 2: Establish a sounding board relationship.

The recommended solution for the SME/ME sectors is a Board of Advice Program. Monthly or quarterly meetings are held to hold clients accountable to implement their 'action items' which are targeted to improve business performance & value.

### Step 3: Revalue the business & compare to the value needed.

At the end of the engagement the business advisory valuation is updated. This revaluation shows progress towards goals & reassesses any 'value gap' risk.



✔ Automated

✔ Patented Algorithm

✔ Industry Benchmarks

### What's next?

Analyse your client base to assess how many ideal clients you have for these services. For example, prepare a list of clients that are over the age of 50 & making a profit of more than \$250K p.a.

### About Bstar

Bstar offers accountants & financial advisors automated business valuation, advisory & sounding board solutions. Bstar's business valuation tool is the most trusted solution for the Small Business, SME & ME sectors.

