

Rule of Thumb Reports

User Guide

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Start A Valuable Conversation

Yankee baseball great Yogi Berra once said “if you don’t know where you are going, you might not get there”. If small business owners don’t know what their companies are worth, they can’t say where they are or where they’re heading.

Unfortunately most owners have no idea what their businesses are worth. A 2010 SPARDATA study found **owners misjudge values by a median error of 58.9%**. In other words they *think* the business is worth (say) \$5 million but *actually* it is worth 58.9% more (\$8 million), or 58.9% less (\$2 million). The problem is they don’t know if the right number is \$2 million, \$5 million or \$8 million - so their plans rest on numbers plucked from thin air. That’s a problem.

To help advisors use ‘the valuation issue’ to start valuable conversations with business owners, SPARDATA offers valuation rule-of-thumb reports covering almost every type of business and professional practice – *and they are absolutely free*. (This booklet lists reports available now.) Life Insurance agents, financial advisors, CPAs, attorneys, trust officers, property and casualty agents and commercial bankers should share these reports with clients and prospects.

A word of caution: rules-of-thumb never replace a proper valuation because they suffer from a fatal flaw: they assume a business is just like all of its competitors. That’s never true; every business is unique. No business can be valued accurately without understanding how it differs from its competitors and rules-of-thumb can’t do that. But they can help ‘raise the valuation issue’ and motivate owners to act while there is still time to fix their issues. Here is how:

Step 1: schedule a meeting.

Call business owners and say you want to meet with them to focus on their company’s value and its implications. Tell them you’ll be bringing to the meeting a valuation rule-of-thumb report they’ll find interesting.

Step 2: share the valuation

rule-of-thumb report. At the meeting, give owners the report

and start asking ‘what if’ questions. (The box above suggests a few.) Lead the conversation wherever you want. You are likely to discover ‘the valuation issue’ uncovers previously buried problems – and rich opportunities for you to help.

You’ve got them interested; they’ll get excited if they realize *how a valuation can put millions of dollars in their pocket*. Let SPARDATA show them. The best way to tee up that discussion is to suggest the business owner get a no-obligation price quote. (The box in Step 3 suggests how.)

Ask owners the ‘what if’ question

“(Owner’s name), what if your business is worth what this rule of thumb suggests...”

- is your buy-sell agreement properly funded?
- do you have an estate tax issue?
- could you sell your business for what you want?
- are you treating your kid(s) in the business fairly versus your kid(s) not in the business?

Step 3: “Get a price quote!” The price quote process is free but its power to motivate owners is priceless. The process focuses them and gets them *emotionally invested*. In our experience

- 70% will agree to get a price quote;
- 64% of those will get a valuation; and
- 80% of those will buy your solution.

So tell owners to get a price quote. If they agree, call us at (800) 895-4100 to schedule a conference call with you, the business owner and a Value Consultant.

How to suggest owners get a price quote

“(Owner’s name), get a valuation. Before saying yes or no, let’s at least get a price quote. It’s free. Then we can decide whether or not to proceed.”

Step 4: the conference call. In order to prepare a price quote SPARDATA must learn a bit about the owner’s company. A conference call with the owner, you and a SPARDATA Value Consultant provides that opportunity. (We will also ask to see the business’ most recent tax return to assess its financial complexity.) The call is also a chance to highlight ways a good valuation puts money in the owner’s pocket.

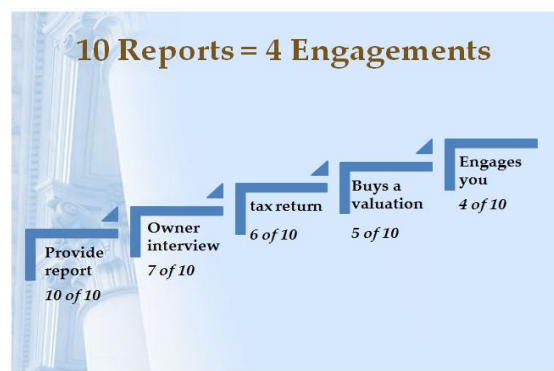
Step 5: the price quote. Next SPARDATA prepares three different valuation options (think of them as gold, silver and bronze levels of service) and in a second conference call will share our proposal and describe each option’s pros and cons. The price quote gives owners and advisors everything necessary to decide if a valuation makes sense for them.

Step 6: value the business. Once the contract is signed, a valuation takes a few weeks to prepare. Simultaneously advisors can research possible solutions for the owner, conduct medical underwriting for insurance, and generally lay the groundwork for the next steps.

Step 7: suggest your solution. The finished valuation establishes the business’ fair market value. Use it to springboard your recommendations. By now owners are *invested* in your planning process so odds are good they will agree to implement your suggestions.

10 reports = 4 engagements. This 7-step process can be summarized as follows: *10 reports = 4 engagements*. If you share rule of thumb reports with 10 business owners, you can expect 4 of them to implement whatever solution you think is appropriate. That’s a 40% conversion rate.

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A&W Restaurants
AAMCO Transmission
accounting firms/CPAs
accounting firms/practices
accounting/tax practices
Ace Cash Express
Ace Hardware
Adam & Eve stores
adult clubs/nightclubs
advertising agencies
advertising material distribution services
air conditioning contractors
aircraft cleaning
aircraft manufacturing (parts, supplies, engines, etc.)
airport operations
alarm companies
All Tune and Lube
Allegra Printing
AlphaGraphics
aluminum smelting machinery
ambulance services
amusement and theme parks
amusement arcades
amusement routes
antique malls
antique shops/dealers
apartment locators
apparel
appliance repair
appliance stores
appraisal services
architectural practices
art galleries and dealers
art supplies
arts and crafts/retail stores
assisted living facilities
auction houses
audio and film companies
audio/video conferencing
auto body repair
auto brake services
auto car washes
auto dealers-new cars
auto dealers-used cars
auto detailing
auto driving schools
auto glass repair/replacement
auto lube/tune-up
auto mufflers
auto parts and accessories-retail stores
auto race tracks
auto rental
auto repair (auto service centers)
auto service stations
auto tire stores
auto towing
auto transmission centers
auto/wrecking/recyclers/dismantlers
/scrap/salvage yards
aviation and aerospace
awning installation

bagel shops
bait and tackle shops
bakeries
bakeries-commercial
bakery and restaurant
banks-commercial
barbecue restaurants
barber shops
bars
bars with slot machines
bars-adult only (adult clubs/nightclubs)
bars-nightclubs
baseball teams (professional)
basketball teams (professional)
Baskin-Robbins Ice Cream
beauty salons
bed and breakfasts
bedding shops (retail)
Beef O'Brady's
beer and wine stores (retail)
beer distributorships/wholesalers
beer taverns (beer and wine)
Ben & Jerry's
bicycle shops
billboard advertising companies (outdoor advertising)
billiards
Blimpie Subs and Salads
boat dealers
book and stationery stores
book stores (adult)
book stores (Christian)
book stores (new)
book stores (rare and used)
bookkeeping services
bottled gas
bowling centers
brew pubs
breweries
bridal shops
Bruster's Ice Cream
building inspection
building materials/home centers
Burger King
bus companies (bus lines, charter, & rental)
business brokerage offices
butcher markets
call centers
camera shops
campgrounds
camps
candy stores
car washes (coin operated/self service)
car washes (full service/exterior)
card shops
Carl's Jr. restaurants
carpet cleaning
carpet/floor coverings
Carvel Ice Cream Bakery
casinos/casino hotels
caterers/catering

catering trucks
cellular telephone stores
cemeteries
CertaPro painters
check cashing services
chemical product & preparations manufacturing
Chester's International
chicken restaurants-food-to-go
Chick-fil-A
child care centers
Chinese restaurants
chiropractic practices
cigar stores
Closets by Design
clothing stores (retail)
clothing stores (used)
cocktail lounges
coffee shops
coffee shops (specialty)
coin laundries
Cold Stone Creamery
collectibles stores
collection agencies
comic book stores
community newspapers
computer consulting
computer programming services (custom)
computer services
computer stores
computer systems design
concrete bulk plants
Conroy's Flowers
consignment shops
construction (in general)
construction of buildings
construction (electrical)
construction (excavation site preparation)
construction (heating & AC)
construction (specialty trades)
contract manufacturing
contractors-masonry
convenience stores
convenience stores with gas
country inns
country/general stores
coupon books
courier services
court reporting services
Coverall Cleaning Concepts (commercial cleaning)
Culligan International
Curves for Women
dairy drive-through
Dairy Queen
data processing services
dating services (online)
day care centers (adult)
day care centers (children)
Deck the Walls
Del Taco
delicatessens

delivery services
dental laboratories
dental practices
detective agencies
dialysis centers
diners
direct mail-advertising
direct selling businesses
display advertising
distribution/wholesale
electrical products
grocery products/full line
in general
industrial supplies
janitorial
medical equipment & supplies
tools
document destruction
dog grooming
dog kennels
Dollar Discount Stores
dollar stores
Domino's Pizza
donut shops
Dream Dinners
drive-in restaurants
drive-in theaters
driving schools (instruction)
drug stores
Dry Clean USA
dry cleaning
dry cleaning pickup outlets/stores
dry cleaning routes
Dunkin' Donuts
e-commerce (electronic shopping)
electric motor repair
electrical contracting
embroidery services/shops
employment agencies
engineering services
environmental testing
equipment & party rental/general
rental
event companies
fabric stores
family entertainment centers
Fantastic Sam's
fast food
Fast Signs
FedEx (ground)
film companies
fine dining
fire suppression systems sales and
services
Firestone Tire Stores
fish and seafood markets
fitness centers
floor coverings
flower shops (florists)
food processing and distribution
food service contractor
food service equipment and supplies
food stores
food stores-specialty

football teams (professional)
franchise food businesses
franchises
freight forwarding
Friendly's Restaurant
fruit and vegetable market
fruits and vegetables (wholesale)
fuel dealers (wholesale)
funeral homes/services
furniture refinishing
furniture stores
furniture/appliance stores
garage door sales and service
garbage/trash collection
garden centers/nurseries
gas stations-full and/or self-serve
gas stations w/convenience
stores/mini marts
Gatti's Pizza
Geeks on Call
General Nutrition Centers
gift shops
Godfather's Pizza
Goin' Postal
golf carts-sales & service
golf courses
golf shops
Goodyear Tire Stores
gourmet shops
Grease Monkey
Great Clips
Great Harvest Bread Company
Great Steak & Potato
green businesses
grocery stores (general)
grocery stores (small to medium
size)
ground transportation companies
Grout Doctor
guard services
gun shops and supplies
hair care
Hallmark gift shops
hardware stores
Harley-Davidson motorcycle
dealerships
health and safety industries
health clubs
health food stores
hearing aid sales
heating contractors
heating oil dealers
Heavenly Ham
heavy equipment sales & service
hobby shops
home centers
home health care (care-giving and
nursing)
home health care (equipment and
supplies)
home health care rental
home inspection
home nursing agencies
Home Team Inspection Service

home-based businesses
Homeland Security
Honest-1 Auto Care
hospital laundry (supply)
hotels & motels
House Doctors handyman
professionals
Huntington Learning Center
HVAC-heating ventilating and air
conditioning
i9 Sports
ice cream trucks
ice cream/yogurt shops
ice hockey teams (professional)
incentive travel companies
industrial safety and health
information & document
management service industries
information technology companies
injection molding
inns
instant print
insurance agencies/brokerages
insurance companies (in general)
insurance companies (life)
insurance companies (property &
casualty)
Internet hosting
Internet publishing
Internet sales
investigative services
investment advice
Jani-King
janitorial services
jewelry stores
Jiffy Lube International
Jimmy John's Gourmet Sandwiches
job shop/contract manufacturing
Johnny Rockets
junk yards
KFC (Kentucky Fried Chicken)
Kumon Math & Reading Centers
Kwik Kopy Business Center
land surveying practices
landscape services
language translation
laundromats
language translation and
interpretation services
law firms
lawn maintenance & service
Liberty Tax Service
limousine services
linen services (supply)
liquefied petroleum gas
liquor stores/package stores
Little Caesar's pizza
lock & key shops
lumberyards
machine shops
Maggie Moo's Ice Cream and
Treatery
Maid Brigade
maid services

mail and parcel centers
mail order
management consulting
manufacturing (aluminum extruded products)
manufacturing (chemical)
manufacturing (contract)
manufacturing (custom architectural
woodwork and millwork)
manufacturing (electrical)
manufacturing (electrical connectors)
manufacturing (food)
manufacturing (furniture)
manufacturing (general)
manufacturing (general purpose machinery)
manufacturing (guided missile and space vehicle)
manufacturing (machinery)
manufacturing (metal fabrication)
manufacturing (metal stamping)
manufacturing (metal valve and pipe fitting)
manufacturing (miscellaneous electrical and components)
manufacturing (office products)
manufacturing (ornamental and architectural metal)
manufacturing (personal health products)
manufacturing (pharmaceutical preparation and medicine)
manufacturing (plastic and rubber machinery)
manufacturing (plastic products)
manufacturing (powder metallurgy processing)
manufacturing (prefabricated wood buildings)
manufacturing (products from purchased steel)
manufacturing (scientific instruments)
manufacturing (showcase, partition, shelving, and lockers)
manufacturing (signs)
manufacturing (small)
manufacturing (specialty vehicle)
manufacturing (stainless steel food service fabrication)
manufacturing (turbine and turbine generator set units)
manufacturing (valves)
manufacturing (wood kitchen cabinets and countertops)
manufacturing (wood office furniture)
Marble Slab Creamery
marinas
marine/yacht services
markets
masonry contractors
mattress shops

McGruff's Safe Kids ID System
meat markets
medical and diagnostic laboratories
medical billing
medical practices
medical spas
medical transcription
Meineke Car Care Centers
microbreweries
Midas International
middle market businesses
mini-storage
Minuteman Press
mobile home parks
modeling agencies
Molly Maid
Money Mailer
Montessori schools
motels
MotoPhoto
motorcycle dealerships
Mountain Mike's Pizza
movie theaters
moving and storage
Mr. Gatti's Pizza
Mr. Jim's Pizza
Mr. Payroll
Mr. Rooter Plumbing
Mrs. Fields Original Cookies
Music Go Around
music stores
mystery shopping companies
nail salons
Nathan's Famous
needlepoint shops
newspaper routes
newsstands
nurseries
nursing homes
office staffing and temporary agencies
office supplies and stationery stores
online sales
optical practices
optical stores
optometry practices
Orange Julius
outdoor advertising
OXXO Care Cleaners
packaging (industrial)
packaging and shipping services
paint and decorating (wallpaper)
retailers
Pak Mail
Panera Bread
Parcel Plus
parking lot sweeping
parking lots
pawn shops
payday loans
personnel staffing agencies
pest control
pet boarding
pet shops

pet supply (wholesale)
Petland
pharmacies
photographic studios
physical therapy
picture framing
Pillar to Post (home inspection)
Pizza shops
Play It Again Sports
Plumbing and heating contractors
PODS (Portable on Demand Storage)
pool service (swimming)
portable toilet companies
power/pressure washing
Precision Tune Auto Care
print shops (in general)
print shops/commercial printers
print shops/quick print
printing/flexographic
printing/silk screen
produce markets
propane companies
property management companies (non-residential)
publishers (books)
publishers (Internet (and broadcasting))
publishers (magazines/periodicals)
publishers (newsletters)
publishers (newspapers - dailies)
publishers (newspapers - weeklies/community papers)
publishers (software)
publishing (in general)
publishing (monthly community magazines)
publishing (newspapers - in general)
Purrfect Auto
Quaker Steak & Lube
quick print
Quizno's Classic Subs
race tracks/auto
racquet sports clubs
radio communications equipment and systems
radio stations
real estate/business brokerage offices
records management
recruiting agencies
Red Robin Gourmet Burgers
registered investment advisors
remediation services
Renaissance Executive Forums
rental centers
rent-to-own stores
repair services
repossession services
resale shops
resort businesses
restaurants
restaurants (full-service)
restaurants (limited-service)

restaurants (Asian)
retail business (in general)
retail stores (small specialty)
retirement homes
Rita's Italian Ice
Rocky Mountain Chocolate Factory
Roly Poly Sandwiches
route distribution businesses
routes-newspaper
RV dealerships
RV parks
sales businesses (in general)
Samurai Sam's Teriyaki Grill
sand and gravel mining
sandwich shops
Sarpino's Pizzeria
schools (educational (non-vocational))
schools (other)
schools (vocational/training)
Sears Carpet & Upholstery Care
secretarial services
security services/systems
self-storage
service businesses (in general)
service stations
Service Master Clean
Servpro
shoe stores
short line railroads
shuttle services & special needs
transportation
sign manufacturing
Sign-A-Rama
silk screen printing
Sir Speedy Printing
ski shops
Smoothie King
snack bars
soft drink bottlers
software companies

sound contractors
souvenir & novelty stores
specialty food stores
sporting goods stores
staffing services
staffing services (health care)
Subway
sun room and awning installation
supermarkets
sustainable businesses
tanning salons
tattoo parlors
taverns
tax practices
taxicab businesses
TCBY
technology companies (information)
technology companies (manufacturing)
technology companies (service)
tee shirt shops
telecommunication carriers (wired)
telecommunications
telephone companies/independent
television sales and service
television stations
temporary agencies
The Maids Home Services
thrift shops
ticket services
tire stores
title abstract and settlement offices
tobacco stores
tour operators
towing companies
toy stores
translation and interpretation
services
travel agencies
travel wholesalers/consolidators
trophy studios

Tropical Smoothie Cafe
truck stops
trucking companies
U Save (car & truck rental)
uniform rental
UPS Store
used goods
Valpak Direct Marketing Systems
Valvoline Instant Oil Change
vending/route industry
veterinary hospitals
veterinary practices
video stores
visa/passport companies
waste collection
water companies
We The People (legal document preparation)
Web-based companies
wedding stores
weight loss services/centers
wholesale/distribution (fresh fruits & vegetables)
wholesale/distribution (durable goods)
wholesale/distribution (fuel dealers)
wholesale/distribution (green groceries)
wholesale/distribution (in general)
wholesale/distribution (paper)
wild bird shops
wind farms
window cleaning
window treatment/draperies
wineries
Wingstop restaurants
wireless communications
women's clothing
World Wide Express
yardage shops

Valuation Rule of Thumb Order Form

<http://www.spardata.com/rules-of-thumb>

Valuation Rules of Thumb



[Free Rule of Thumb Report](#)



This two minute video explains why owners should know what their businesses are worth, and how SPARDATA's free 'rule of thumb' reports help.

[Free Sample Valuation](#)

SPARDATA offers free valuation rule of thumb reports¹ for over 600 industries. Rules of thumb are a convenient way to get a ballpark idea of the values of businesses in an industry. Use them to guesstimate values – but don't expect them to be accurate. (Rules of thumb rarely come within 25% of a business' actual value. Usually the error is 50% or more.)

All rules of thumb suffer from the same fatal flaw, namely they assume a business is identical to every other business in that industry. That is absurd – each business is unique as a fingerprint. That is why a business owner's plans should rest on solid facts (that is, a proper valuation), not on something as flimsy as rules of thumb. Nevertheless, these reports are a handy way to start thinking about the value of a business in practical terms.



Sample

Use the dropdown menu below to find the report you want, then fill out the form with your information. **Note: We'll call to confirm your order, then send your report immediately.**

1

Find Your Report(s):

Click to see available reports:

[Edit this form](#)

(Enter this in form below)

2

Request Your Report(s):

First Name *

Last Name *

Email *

Phone *

Your selection from the list above: *

* Required Field

Note: Report will not appear automatically. We will call to confirm your information, then send the report to you via email.