Summary

Future Income Streams And Risk Factors In Business Valuation

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Kerry Boulton, an expert in exit strategies, emphasises that business valuation should focus on future income streams rather than past profits, as buyers invest in a business's future potential. He highlights key risk factors that could lower a business's value, such as reliance on a few large customers, outdated products, poor management, and limited market position. Conversely, factors that increase value include strong brands, a diversified product range, a large customer base, a competent management team, and unused capacity.

While cash flow and profits are necessary, demonstrating future cash flow potential is crucial for attracting higher prices in a sale. Boulton stresses the importance of addressing risks and preparing the business by showcasing future income streams and lowering perceived risks for potential buyers.