



Accelerating Private Company Value

Through the Accounting + Finance Lens

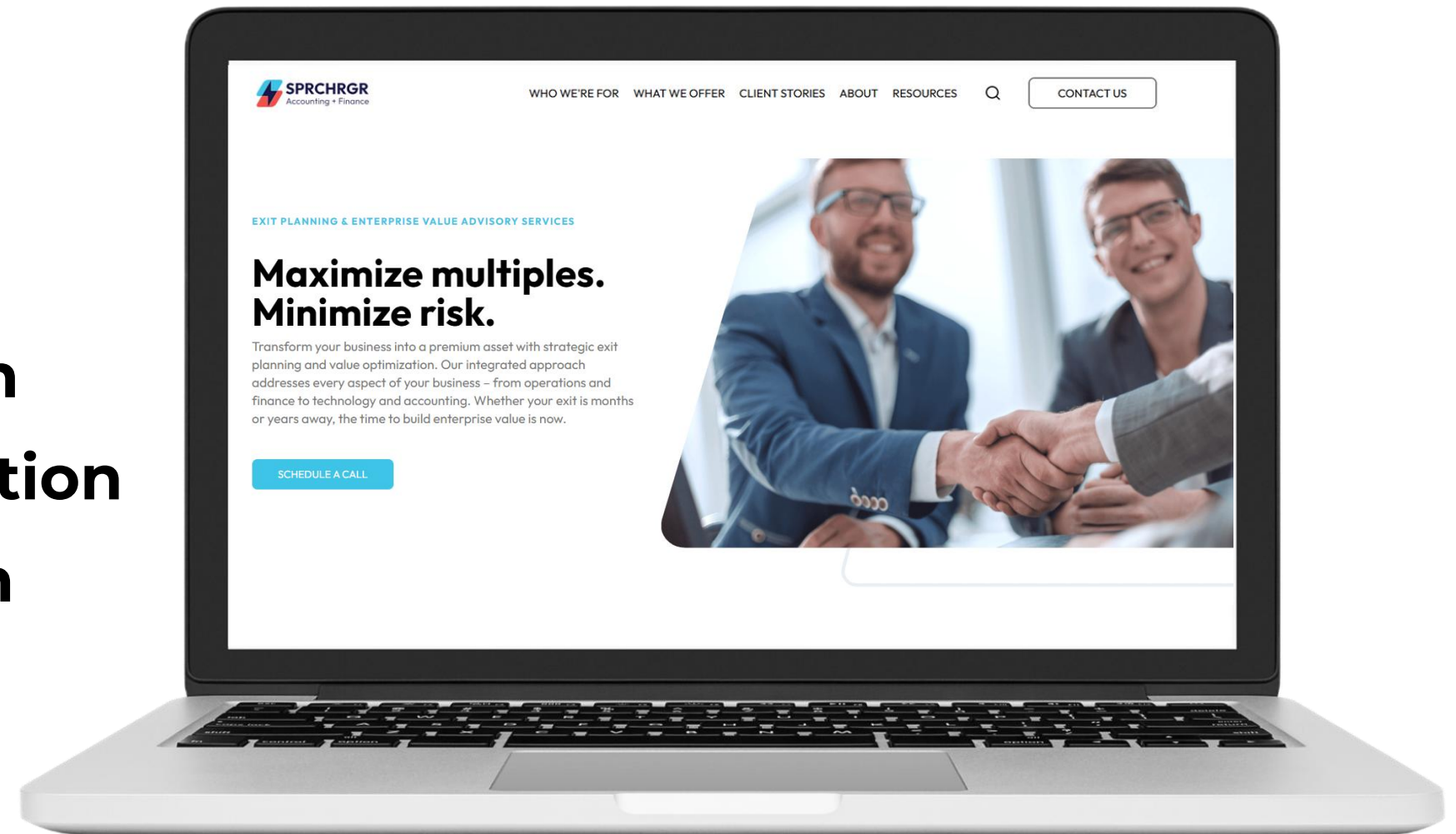
ProVisors Middle Market Affinity Group

Friday, Sep. 5, 2025

Presenter: Mark Wald

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- **Assessment + Advisory**
 - **Fractional CFO**
 - **Outsourced Accounting**
 - **Data + Systems Integration**
 - **ERP Software Implementation**
 - **Custom APIs + Automation**
- And more...**



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Agenda



Business Valuation Methodology



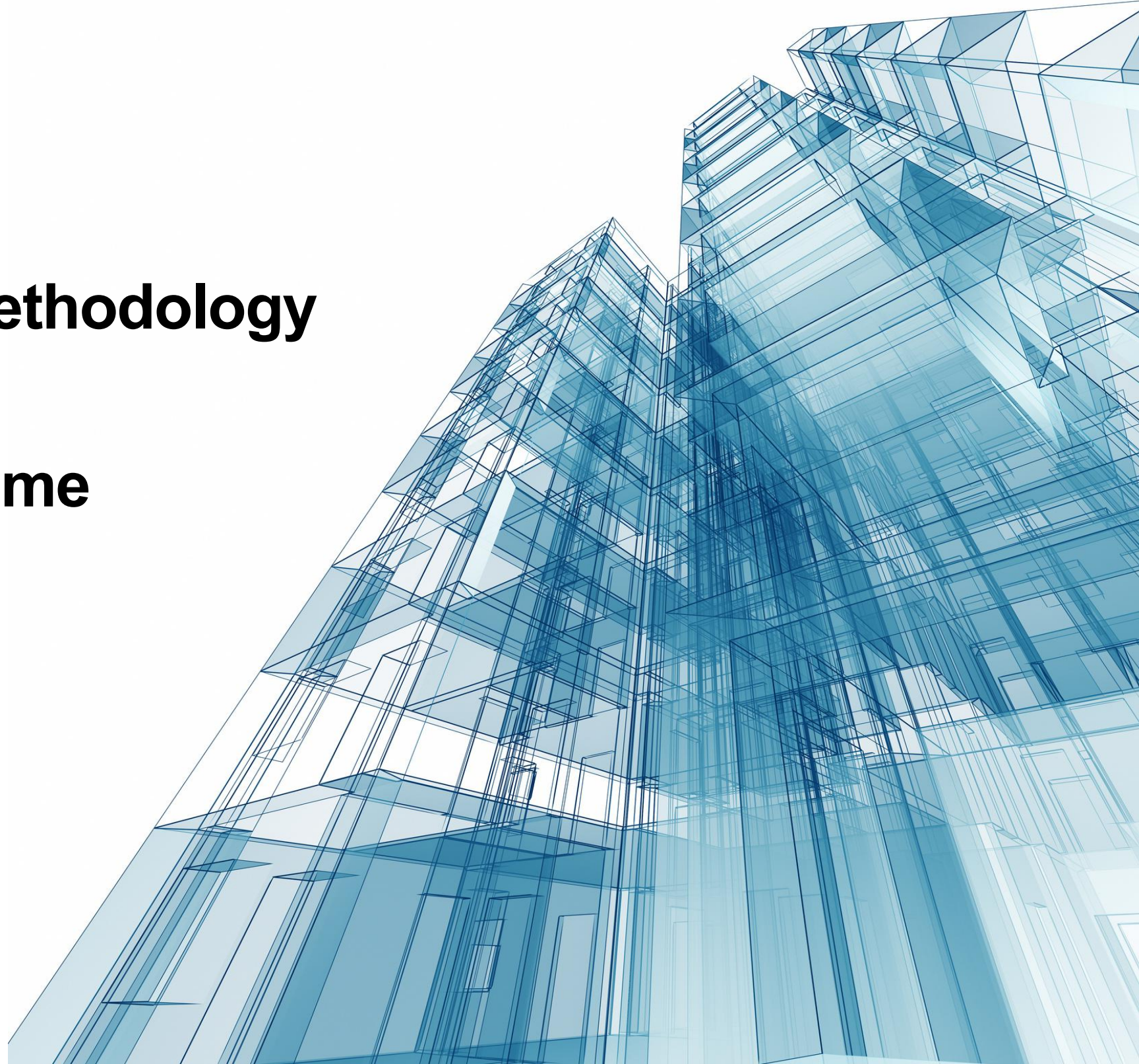
Value Acceleration Game



Case Study Examples



Q&A Discussion



Business Valuation Methodology

- 💡 All investors are greedy and risk averse
- 🎯 Buy low, sell high, don't lose it all!
- ⚙️ Savvy investors optimize for:
 - Predictable Returns
 - Growth Expectations
 - Managed Risks



Business Valuation Methodology

	Publicly Traded	Private
Investors receive profits via:	Earnings dividends	Profit distributions*
Valuation standard:	Price to earnings ratio	EBITDA multiple*
Unit of measure:	Share price	Share (or Unit) price
Financial performance insights:	SEC reporting	Financial due diligence

**For simplicity:*

a) Other private company valuation standards are omitted from this presentation

b) Profit $\neq$ EBITDA (but this presentation treats them interchangeably)

How Long Does It Take To Double Your Money?

The Rule of 72 estimates the number of years it will take for your initial investment to double: simply divide 72 by an investment's fixed rate of return

- You would need to earn around 10% per year to double your money in a little over 7 years ($72 / 10 \approx 7$)

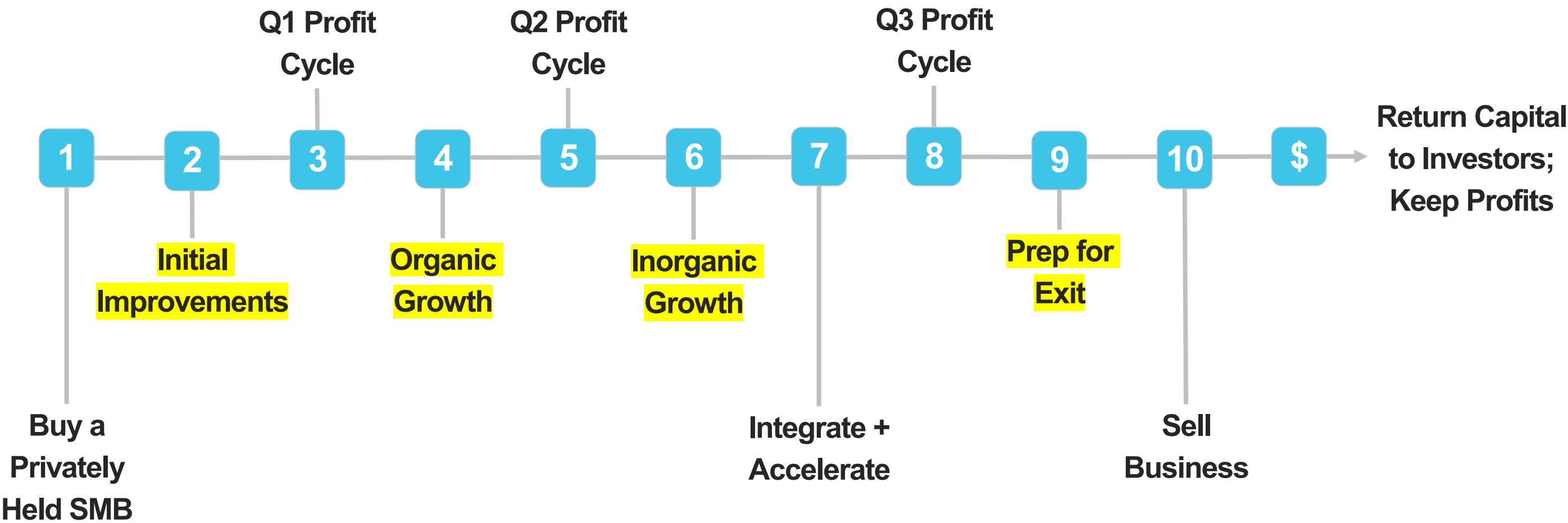
The S&P 500 has delivered an *average* annual return of 10.33% since 1957*

- So, to make for an attractive SMB investment (which typically/inherently has **higher risk** than a diversified stock portfolio), investors look for their money to double in less than 7 years...

**Note: the real return drops to 6.47% when adjusted for inflation*

Value Acceleration Game

Entrepreneur's 10-Step Value Acceleration Journey:

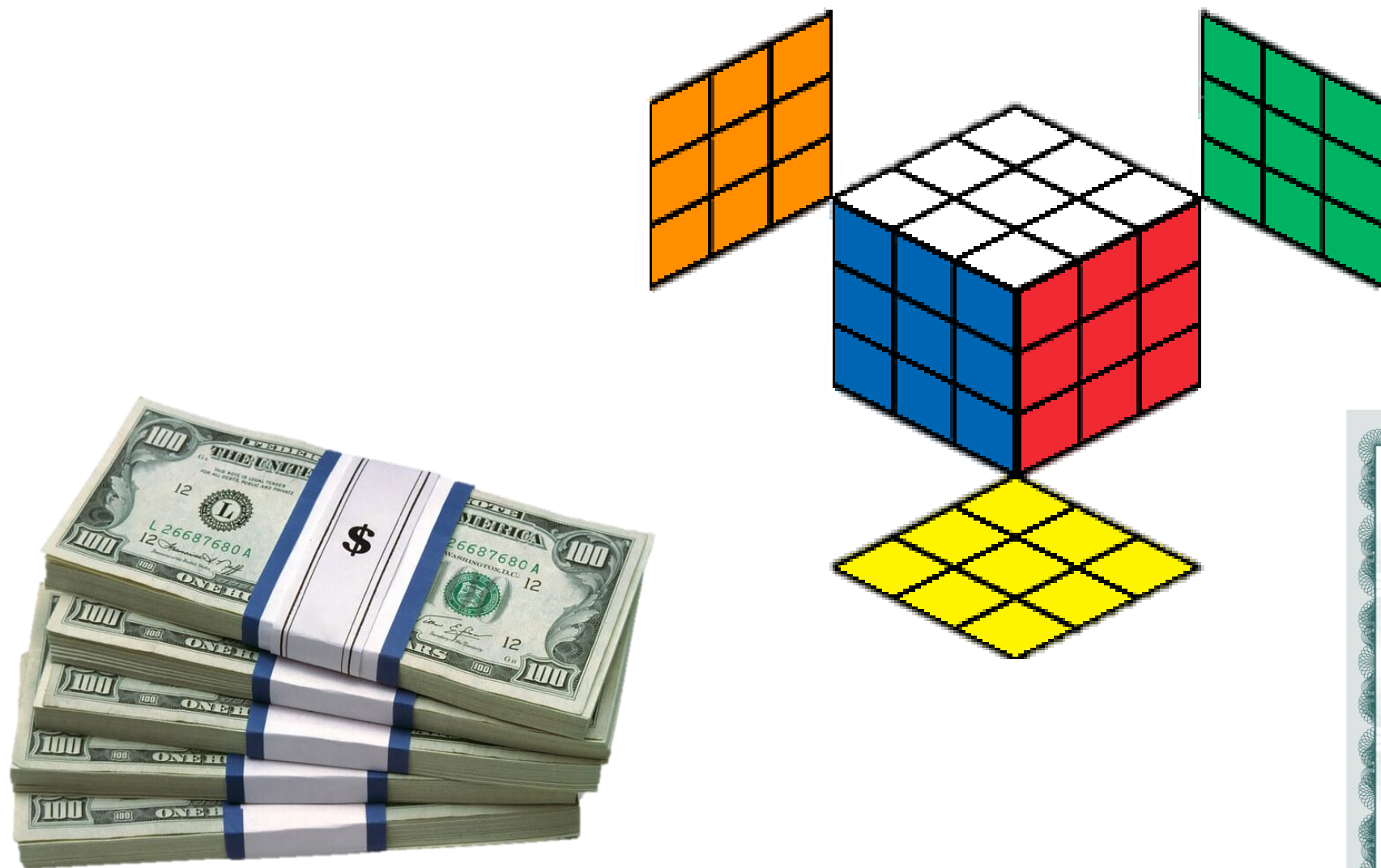


Value Acceleration Game

Players

- Growth Entrepreneur
- Clint Eastwood
- Serial Founder
- Small PE Firm
- Financial Buyer
-  SPRCHRGR
- Bank
- Sales (Customers)
- Attorneys
- Investment Bankers
- Financial Advisors
- Other Advisors

Game Setup: It Takes Money To Make Money!



1 Buy An Undervalued Privately Held SMB

Growth Entrepreneur

- **Primary objective:** Buy an undervalued business that can be grown, then sold...
- **Identify target acquisition:**
 - **Clint Eastwood** owns a business that currently only generates \$300 EBITDA/year
 - He already made a decent living; ready to ride off into the sunset...
- Start with \$1,000 of own money
- **Borrow \$400** more from the **Bank**
- **Pay \$100** to **M&A Attorney** for “buy-side” legal counsel
- **Pay \$600** to **Clint Eastwood** to acquire business

	Starting	Activity			Ending
Cash	\$1,000	+400	-600	-100	\$700
Private ownership %			100%		100%
Debt		+400			\$400
Profit			+300		\$300
EBITDA multiple			+2		2

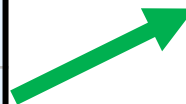

$$\begin{aligned} &\$300 \times 2 \\ &= \$600 \end{aligned}$$

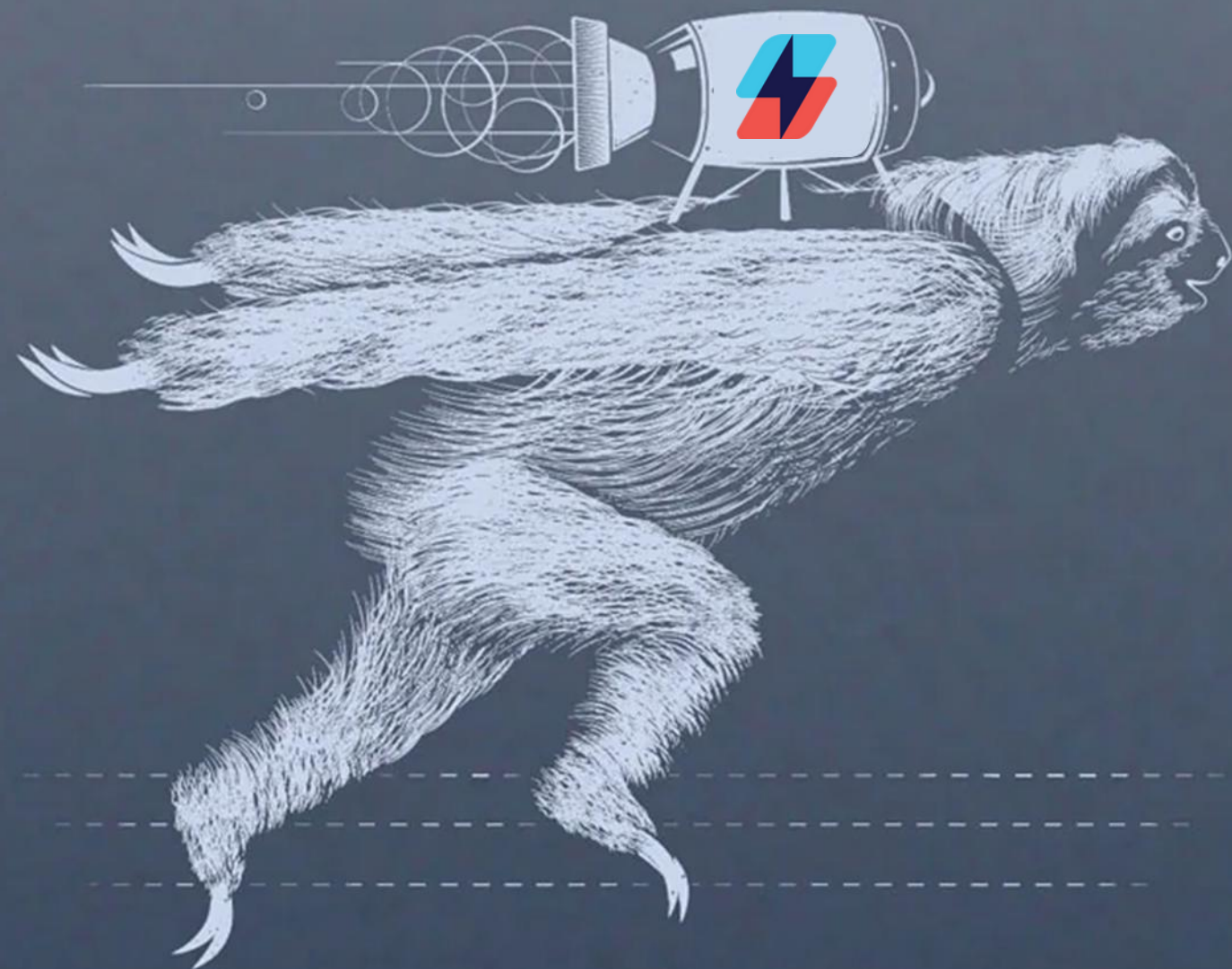
2 Initial Improvements

Growth Entrepreneur

- **Primary objective:** Increase profits with minimal investment
- **Pay \$100** to **SPRCHRGR** to improve systems & reporting insights
 - Better clarity and more efficient operations reduce execution risk
 - Profit margins and cash flow health improve as a result
 - EBITDA increases by \$300/year
- Expectations of future profits are higher; risks are lower
 - **EBITDA multiple increases from 2x to 3x**

	Starting	Activity	Ending
Cash	\$700	(100)	\$600
Private ownership %	100%		100%
Debt	\$400		\$400
Profit	\$300	+300	\$600
EBITDA multiple	2	+1	3


$$\begin{aligned} &\$600 \times 3 \\ &= \$1,800 \end{aligned}$$



3 Q1 Profit Cycle

Growth Entrepreneur

- **Earn \$100** profit from **Customers**
- **Pay \$100** loan interest to **Bank**

	Starting	Activity		Ending
Cash	\$600	+100	-100	\$600
Private ownership %	100%			100%
Debt	\$400			\$400
Profit	\$600			\$600
EBITDA multiple	2			3

4 Organic Growth

Growth Entrepreneur

- **Primary objective:** Reinvest profits into continued growth
- **Pay \$100** to **Growth Advisor** (plus a lot of hustle) to improve business
 - EBITDA increases by \$200
- Expectations of future profits are higher; execution risks are lower
 - **EBITDA multiple increases from 3x to 4x**

	Starting	Activity	Ending
Cash	\$600	-100	\$500
Private ownership %	100%		100%
Debt	\$400		\$400
Profit	\$600	+200	\$800
EBITDA multiple	3	+1	4


$$\begin{aligned} &\$800 \times 4 \\ &= \$3,200 \end{aligned}$$

5 Q2 Profit Cycle

Growth Entrepreneur

- Higher EBITDA performance generates **\$200 profit** from **Customers**
 - (compared to \$100 profit in Q1)
- **Pay another \$100** loan interest to **Bank**

	Starting	Activity		Ending
Cash	\$500	+200	-100	\$600
Private ownership %	100%			100%
Debt	\$400			\$400
Profit	\$800			\$800
EBITDA multiple	3			4

6 Inorganic Growth: Strategic Acquisition

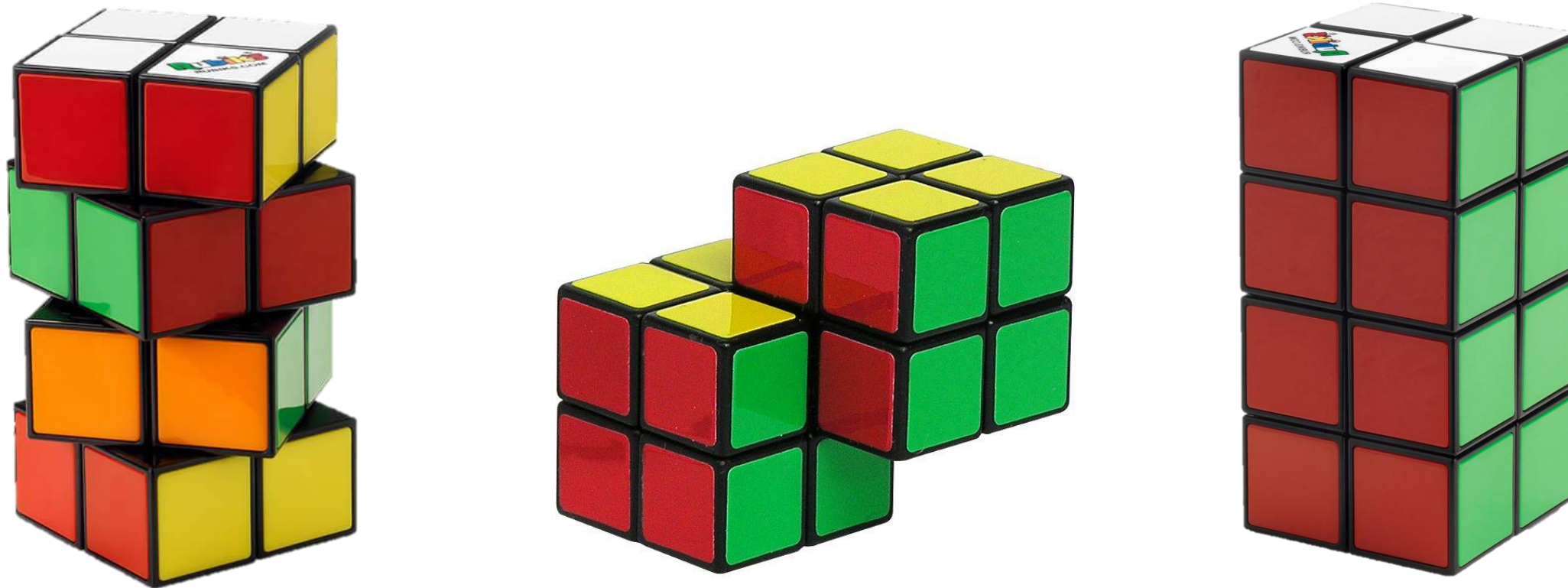
Growth Entrepreneur

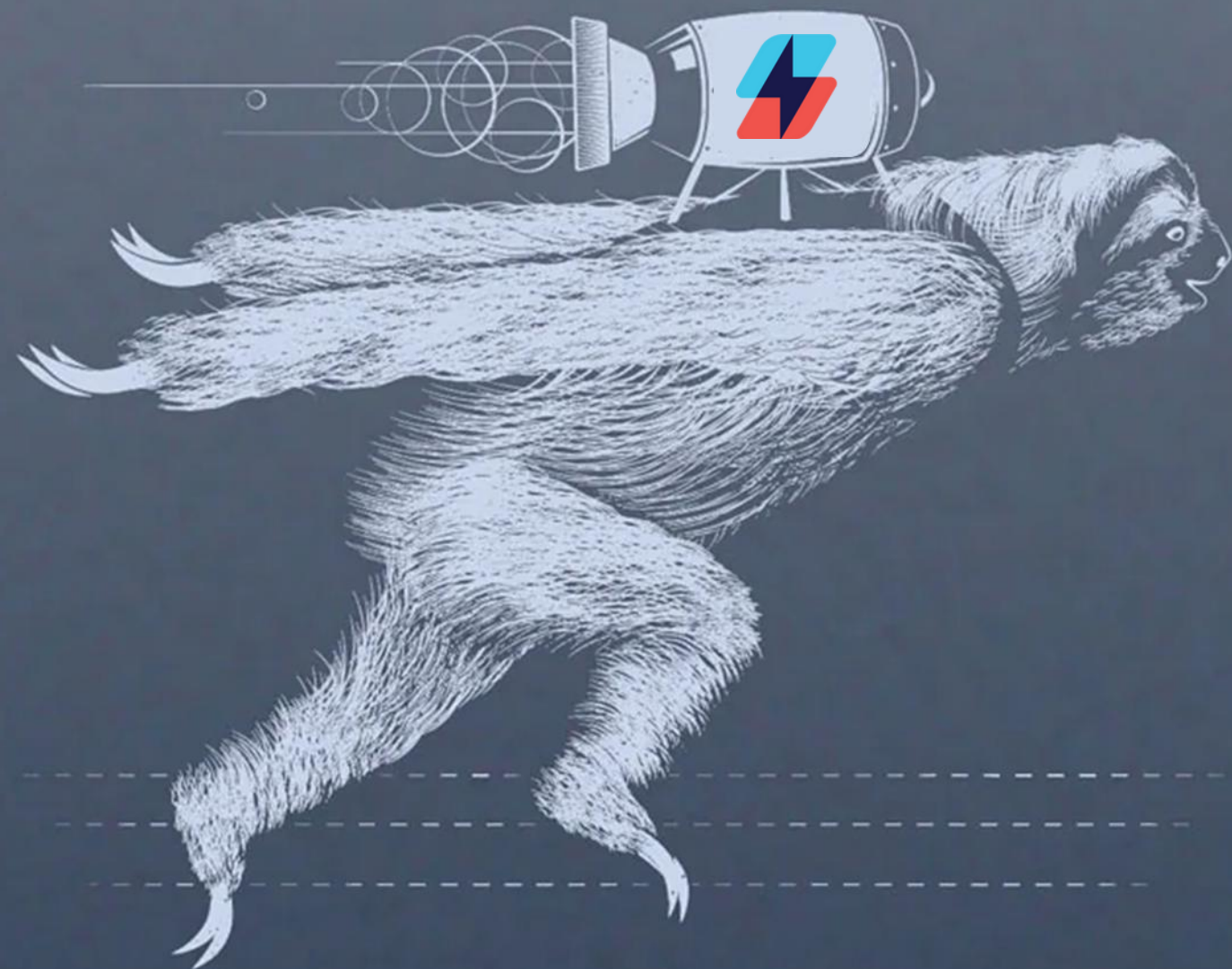
- **Primary objective:** Buy a 2nd business that compliments and adds value to the 1st
- Pay \$100 to **Investment Banker** to conduct acquisition search
- Pay \$100 to **M&A Attorney** for “buy-side” legal counsel
- **Identify target acquisition:**
 - **Serial Founder** owns a business generating \$600 EBITDA
 - Wants to convert sweat equity into cash; start over w/another one
- **Raise \$1,000** from **Small PE Firm**
 - Give **Small PE Firm** 30% equity in “newco”
- Pay \$800 to **Serial Founder**

	Starting	Activity			Ending
Cash	\$600	-200	+1,000	-800	\$600
Private ownership %	100%		-30%		70%
Debt	\$400				\$400
Profit	\$800			+600	\$1,400
EBITDA multiple	4				4

6 Inorganic Growth: Strategic Acquisition

Newco's EBITDA multiple doesn't necessarily increase immediately following the acquisition, though – more work is necessary to integrate and optimize the combined business...





7 Integrate + Accelerate

Growth Entrepreneur

- **Primary objective:** Optimize and scale up the “newco” combined business
- **Invest \$100** with **SPRCHGR** to integrate back-office systems and processes
 - EBITDA increases by \$300
- **Invest \$200** with **Marketing Agency** to increase inbound opportunities for “newco”
 - EBITDA increases by another \$300
- Expectations of future profits are higher; execution risks are lower
 - **EBITDA multiple increases from 4x to 7x**

	Starting	Activity		Ending
Cash	\$600	-100	-200	\$300
Private ownership %	70%			70%
Debt	\$400			\$400
Profit	\$1,400	+300	+300	\$2,000
EBITDA multiple	4	+1.5	+1.5	7


$$\begin{aligned} &\$2,000 \times 7 \\ &= \$14,000 \end{aligned}$$

8 Q3 Profit Cycle

Growth Entrepreneur

- Higher EBITDA performance **generates \$500 profit** from **Customers**
 - (compared to \$200 profit in Q2)
- **Pay \$100** SBA loan interest to **Bank**

	Starting	Activity		Ending
Cash	\$300	+500	-100	\$700
Private ownership %	70%			70%
Debt	\$400			\$400
Profit	\$2,000			\$2,000
EBITDA multiple	4			7


$$\text{\$2,000} \times 7 = \text{\$14,000}$$

- Explore exit options with **Investment Banker**
 - Get referred to **Financial Advisor** to plan for liquidity event

Quick Sidebar About “Financial Buyers”

Growth Entrepreneur

- **Primary objective:** Having taken the business as big and far as they could on their own – though not quite large enough to retire on yet – now looking to partner with a more sophisticated growth operator to take it to the next level

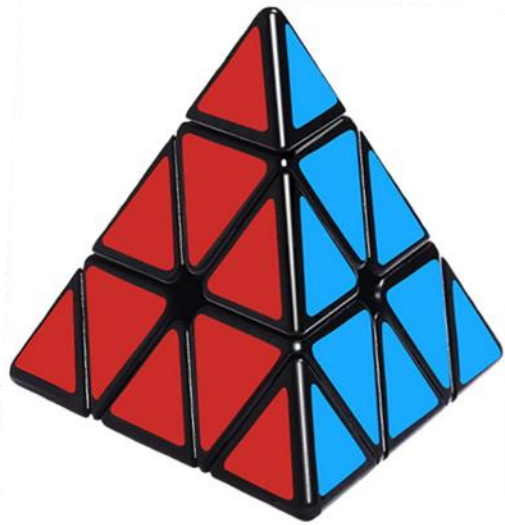
Platform Company

- A **Platform Company** is a business that a Private Equity firm acquires to serve as a foundation for a "buy-and-build" strategy
- The PE firm then adds smaller, complementary businesses, called "add-ons," to the platform to accelerate growth and consolidate a fragmented market



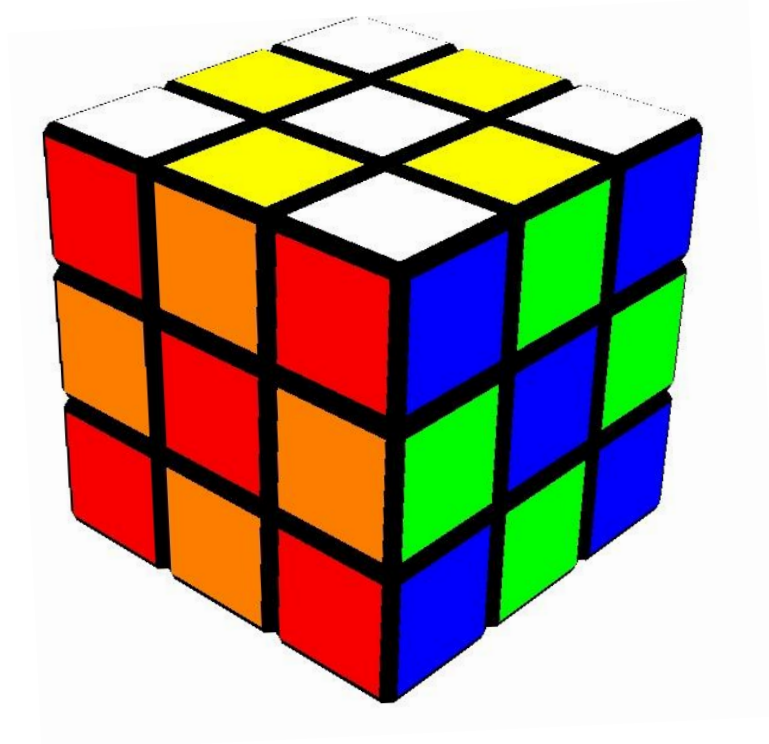
When selling to a Financial Buyer, Entrepreneurs often get paid in several successive stages over multiple years while their business continues to grow under new ownership

\$ Quick Sidebar About “Financial Buyers”

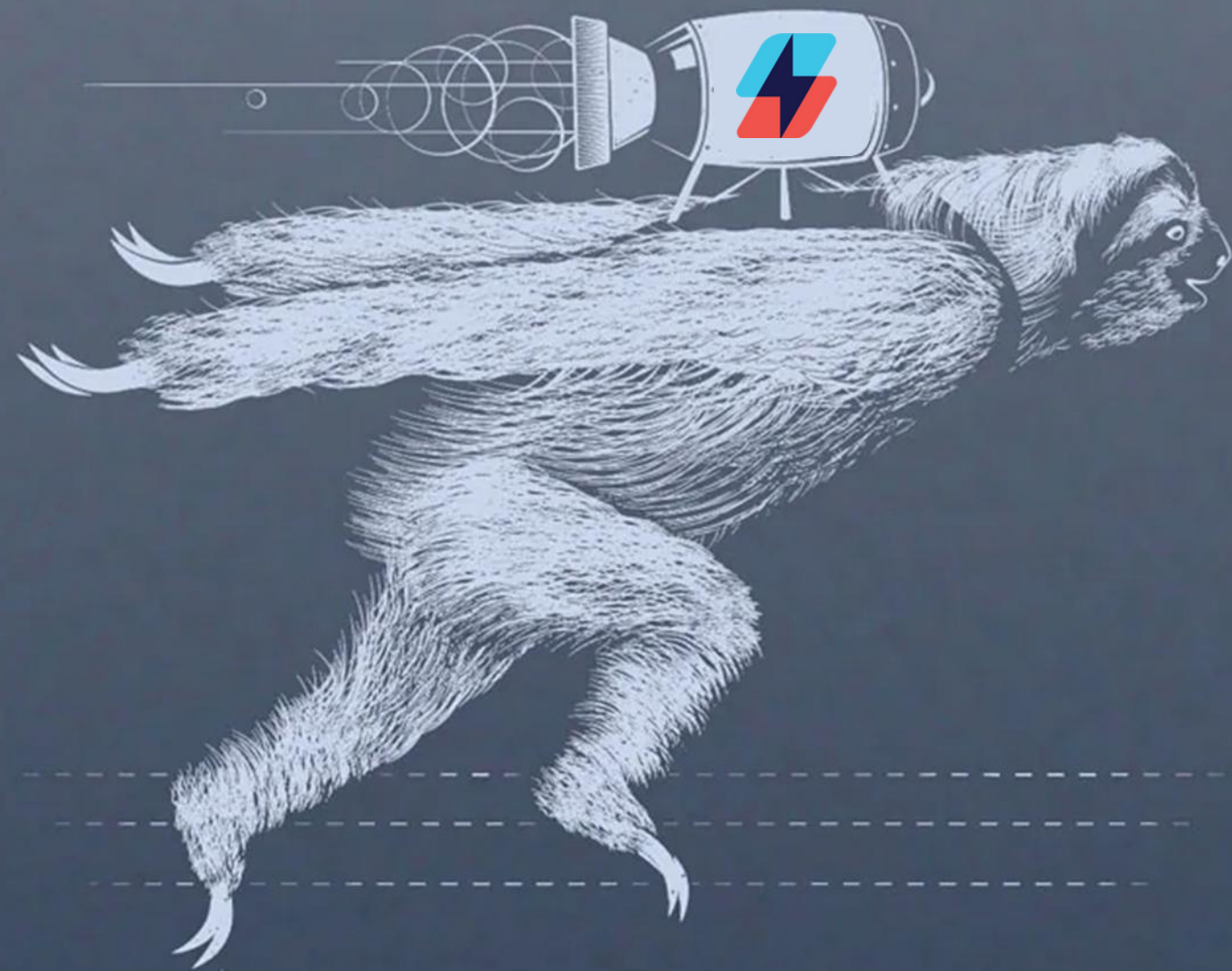


Quick Sidebar About “Financial Buyers”

Which of these companies seem to have something special that’s worth leaning into?



Each still need some work to reach optimum potential, so before they're ready for add-ons
the new owner can hire SPRCHRGR to straighten them out...



9 Prepare for Exit

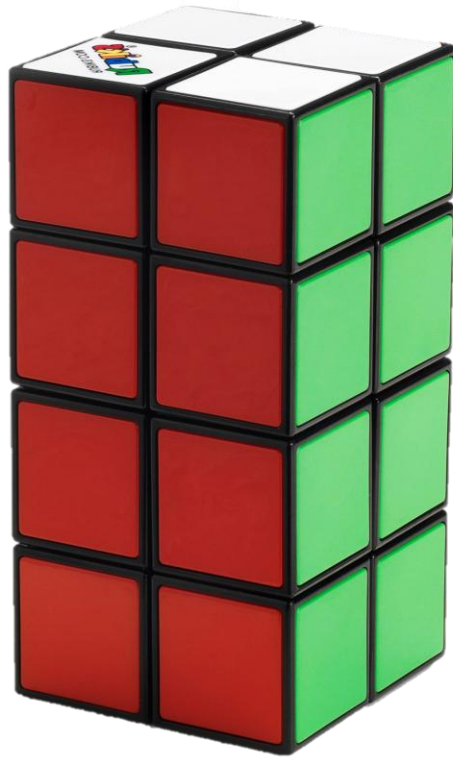
Growth Entrepreneur

- **Primary objective:** Just like performing deferred maintenance and staging a home before it's listed for sale, a little cash invested into the business at this stage can yield net positive ROI by maximizing the sale price while mitigating deal stumbling blocks...
- **Invest \$300** with **Other Advisors** to further reduce *perceived* execution risks
 - Well-run business continues experiencing **organic EBITDA growth**
- **Pay \$100** to **Investment Banker** to create a **competitive bidding environment**

	Starting	Activity		Ending
Cash	\$700	-300	-100	\$300
Private ownership %	70%			70%
Debt	\$400			\$400
Profit	\$2,000	+300		\$2,300
EBITDA multiple	7	+0.5	+0.5	8


$$\begin{aligned} &\$2,300 \times 8 \\ &= \$18,400 \end{aligned}$$

10 Sell Business to Financial Buyer



\$2,300 x8
= \$18,400



\$10k cash
+



10 Sell Business to Financial Buyer

Growth Entrepreneur

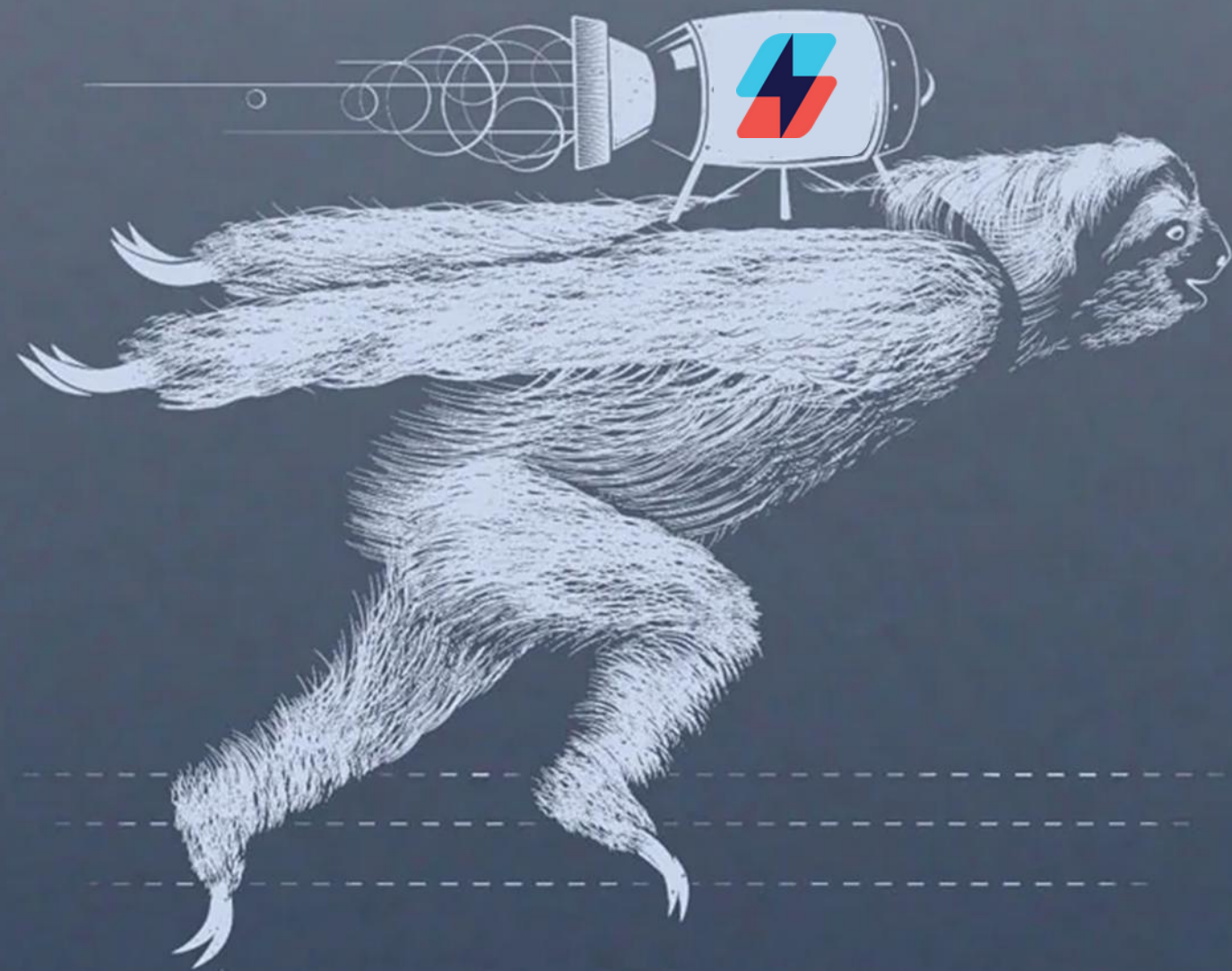
- Accept \$18,400 acquisition offer; give control to the **Platform Company**
 - Receive \$10,000 cash + 21% ownership in platform (worth \$8,400 today)
- Pay \$900 to **Investment Banker**
- Pay \$300 to **M&A Attorney**
- Pay \$200 to **Accountant**
- Pay \$500 to **Bank** (\$400 principal + \$100 interest)
- Distribute \$5,500 cash to **Small PE** (30% of \$18,400 sale price)

\$2,900

	Starting	Activity						Ending
Cash	\$300	+10,000	-5,500	-500	-900	-300	-200	\$2,900
Private ownership % in original business	70%	-70%						-
Private ownership % in "platform"	-	+21%						21%
Debt	\$400	-400						-

Platform Company

- Invest \$1,000 with **SPRCHRGR** to integrate back-office systems and processes



Financial Results Recap for SMB Owners

Clint Eastwood

- Got to immediately ride off into the sunset with **\$600 cash**
- Probably paid several **Other Advisors** to support the sale
- Referred to **Financial Advisor** to manage retirement portfolio



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Serial Founder

- Got to immediately begin working on their next startup with **\$800 cash**
- Probably paid several **Other Advisors** to support the sale



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Serial Founder

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Platform Company

- Spent \$11k cash to acquire + integrate the **Growth Entrepreneur's** business
- The newly integrated acquisition increased the platform's enterprise value

	Starting	Activity		Ending
Cash	\$15,000	-10,000	-1,000	\$4,000
Private ownership %	100%	-21%		21%
Profit	\$2,700	+2,300	+700	\$5,700
EBITDA multiple	8	+1	+1	10


$$\begin{aligned} &\$5,700 \times 10 \\ &= \$57,000 \end{aligned}$$

\$ Financial Results Recap for SMB Owners

Growth Entrepreneur

- Turned \$1k of their own seed capital + a bunch of sweat equity into **\$2,900 cash** (\$800 cumulative profits + \$2,100 net pre-tax proceeds from business sale)
 - **That's nearly 3x return on their original capital investment**
- Still holds 21% ownership in the **Platform Company** – which is already worth another \$12k on paper, and can potentially grow to become an even bigger pot of gold when the **Platform Company** itself eventually sells in the next few years...



Financial Results Recap for Investors & Advisors

Bank

- **Earned \$400 interest income**

Small PE Firm

- Deployed \$1,000 of capital + sweat equity; **generated \$4,500 profit**

Platform Company

- Spent \$11k cash to acquire + integrate the **Growth Entrepreneur's** business
- **The acquisition itself theoretically increased the platform's enterprise value**

Other Advisors

- **Collectively earned around \$3k** from providing services along the way!

Financial Advisors

- **Received several new referrals!**



Case Study: Commercial Door Installer

- Preparing to go to market for sale
- 3x growth → inventory & cash flow squeeze → high-cost MCA debt



Cash to accrual conversion
added \$375k EBITDA



Saved \$20k/month on new
\$250k working capital line



**+\$3M in enterprise value
ahead of exit**

Results: Better books. Better financing. Better business.

Case Study: Life Sciences Consulting Practice

- Preparing to go to market for sale
- 100% YoY growth & slow AR collections → cash flow squeeze



Secured low-cost debt



Continued hypergrowth
w/o sacrificing profits



**+\$420k EBITDA;
Worth >\$4M @10x multiple**

Results: Better cash flow. Higher margins. Greater valuation.

Case Study: Interior Design Firm

- Sloppy books → bad decisions → cash flow squeeze
- Owner maxed out personal HELOC



Replaced underqualified controller



+\$2M profit by changing revenue recognition methodology



Secured \$1M working capital line to replace personal HELOC

Results: Less stress. Better visibility. Higher Profits.

Case Study: Environmental Engineering Firm

- Outgrew legacy systems & processes; broken internal accounting
- Burnout, poor morale, low profits



**ERP implementation;
Resolved HR issue while reducing labor costs**



**Found and corrected \$250k income tax
filing error; Recovered \$50k refund**



**Reduced debt by \$300k;
Raised EBITDA from 8% to 22%**

Results: Integrated systems. Happier staff. Stronger bottom line.

Build **more** enterprise value with our accounting + finance engineers

Scale-ready operations

Demonstrate
business maturity
and growth readiness

Documented financial controls

Validate and enhance
a company's worth
under outside scrutiny

A well-crafted value story

Create a compelling
growth narrative
backed by data

Enhanced working capital

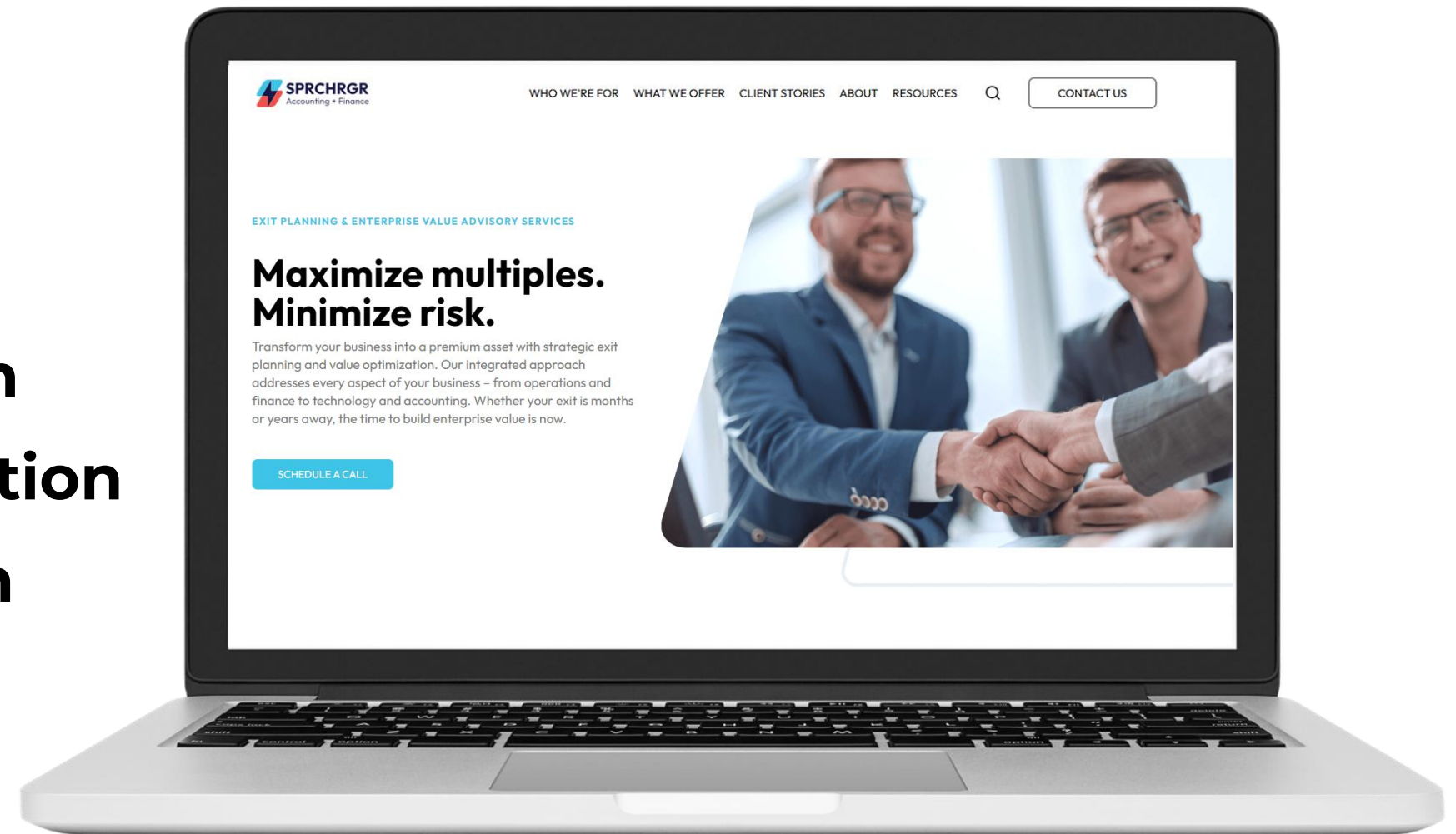
Optimize cash flow
and implement
efficient systems

Q&A Discussion



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