

Discover Assessment Report

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This report is not a certified business valuation. The business value shown cannot be used to provide a determinative value for Federal or State tax purposes.

Overview

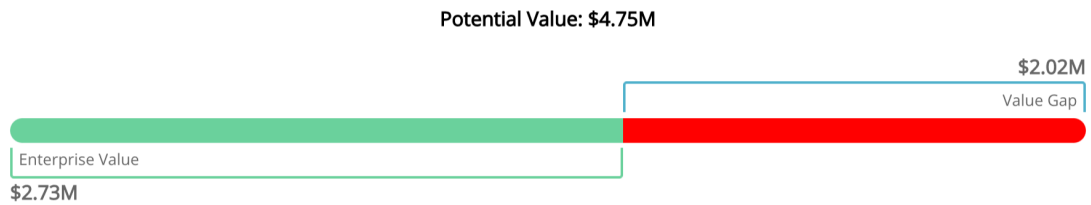
Revenue	EBITDA	Enterprise Value	Potential Value	Value Gap	Flags	CoreValue	Diligence
\$8.79M	\$730K	\$2.73M	\$4.75M	\$2.02M	4	40	C+
			Objective		Driver 1	Driver 2	Driver 3
			Create sustainable growth		Financial	Growth	Marketing

Enterprise Value

Enterprise Value is a measure of business value based on what a theoretical buyer would pay for a business after conducting a thorough due diligence. It is calculated based on the ability of the business to generate future revenue and profit using an algorithm that includes industry normalized trading ranges, financial performance, and the calculated *CoreValue Rating*.

In some cases, *Strategic Buyers* within specific industries will pay above this financial value and thereby create strategic value. These buyers will purchase a specific asset or capability they believe can be leveraged beyond how the business performs today. It is important to understand that strategic value can change quickly and should not be fully relied on when planning for the future.

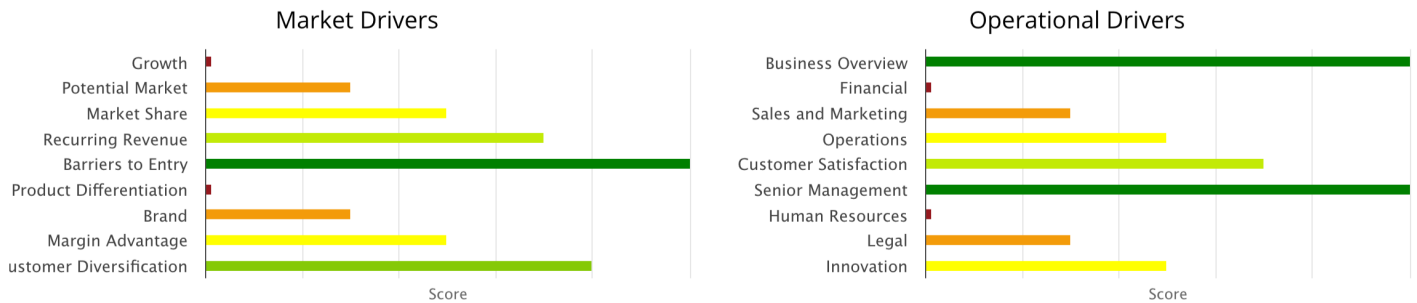
Balance sheet adjustments are not included in the value calculation. It assumes a neutral balance sheet.



Operational Transparency

Your *CoreValue Rating* is a measure of how dependably the business can operate and generate future revenue and profit at or above its current rate. The rating is scored from 0-100 and is divided into *Market Drivers* (external in nature) and *Operational Drivers* (internal in nature). Businesses with a rating below 30 are at risk of having little or no value, and businesses above 80 have significant strategic potential in a sale or transfer.

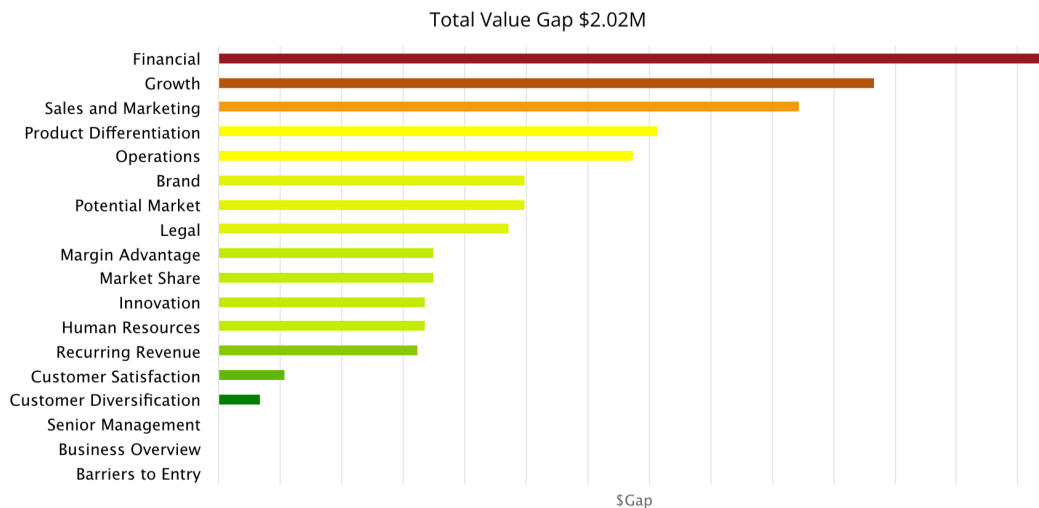
The chart below displays your score broken down between Market Drivers and Operational Drivers. For each category, we display the current scores for the value drivers in that category.



Value Gap Analysis

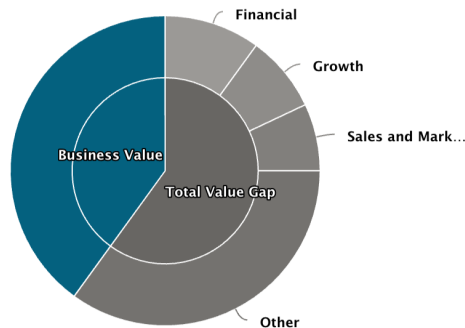
Value Gap is the difference between how much the business is worth today and how much it could be worth. The top most *Critical Drivers* are contributing most directly to your Value Gap and represent the greatest opportunity to improve the value of your company.

Value Gap is measured in real dollars, broken down in the chart below by driver so you can see not only how much money you are leaving on the table, but just as important, the 'Return on Investment' (ROI) for making future investments back into the business. In this chart drivers are sorted from highest value gap to lowest.



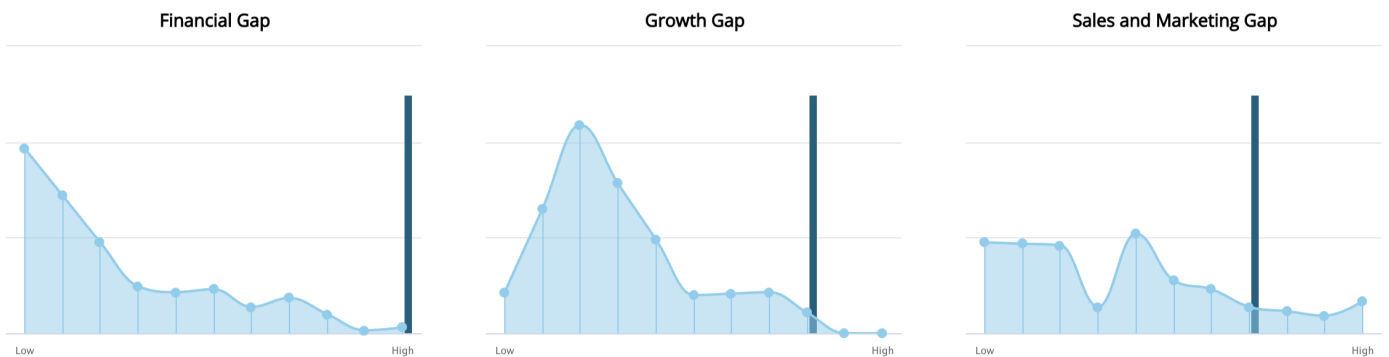
Growth and Value Opportunity

Based on the answers you provided, we've identified multiple opportunities to unlock the potential for growth and value trapped inside the business.



Value Gap of Critical Drivers

These charts compare your growth opportunities with similar drivers in other businesses within your industry. These three drivers are causing you the most pain. For the biggest "bang for your buck", focus on improving these drivers first.







Red Flags

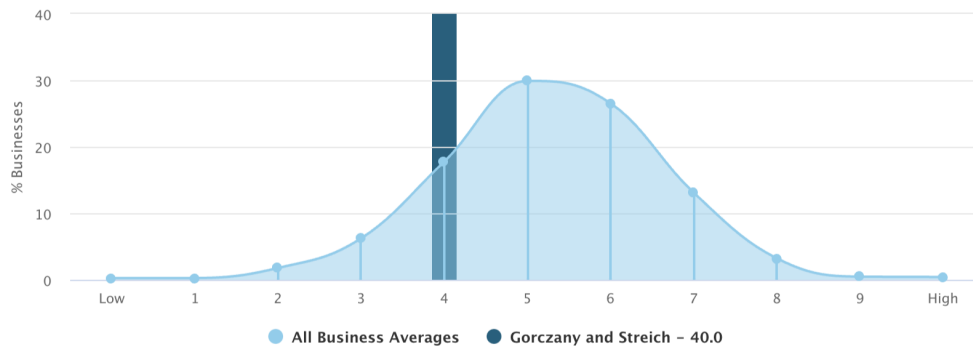
Red Flags are important issues or "watch outs" that can negate all the value in the business. If you are trying to raise capital or sell the business, these are the types of issues that will bubble up during due diligence. They are the major reason half the businesses never make it through the due diligence process. For those that do make it through due diligence, the majority take a significant hit in price and negotiating terms when these issues are present.

Based on your responses in your assessment, the table below lists specific red flag conditions we believe are harming the business value. Be proactive and work to eliminate all your red flags. The ValuCompass application will recommend tasks you can do to remove each red flag and track your progress.

Here are the red flag conditions we found in your assessment:

 Financial	Anyone evaluating the business will want to see that all financial matters of the business are in order and that the business is following best practices.
 Legal	Nothing can kill the value of a business faster than legal issues.
 Business Growth	Flat or declining revenue will make others pretty wary that the business has a bright future.
 Human Resources	Valuable businesses have a reliable system to attract, develop and retain a productive workforce.

CoreValue Rating



The CoreValue rating looks at businesses in a given industry to establish best in class characteristics that are indicators if a business will transact at the higher or lower end of a given industry's trading multiple, typically in relation to its EBITDA.

Based on the answers you provided in your assessment of the market and operational areas, the business may be attractive to potential acquirers making it more likely to monetize when the time comes to exit. However, protecting your value and de-risking the business is important if you expect to have a business rich, cash accessible outcome.