

How a Business Valuation Can Make Your Sale More Profitable



[Michael Haghghat](#), Founder and Managing Director at Globalview Advisors, was interviewed by [City National Bank](#) for an article on [“How A Business Valuation Can Make Your Sale More Profitable”](#) and published in their online Newsroom on March 18, 2018. Newsroom is where [City National Bank’s](#) financial professionals offer tips and insights for managing all of life’s priorities and where views and tools from many of the leading experts in financial valuation, forensics/fraud and litigation services contribute. Michael’s interviewed article discusses the top factors of business valuation and how to increase your business value before selling.

Michael has over 30 years of financial valuation experience and has rendered numerous valuations of businesses, intangible assets, and debt and equity instruments for financial and SEC reporting, corporate tax planning, mergers and acquisitions, gift and estate tax planning and various other purposes. Michael established Globalview Advisors LLC in 2002 in Irvine, California. Globalview Advisors an international firm focused on providing financial valuation and related advisory services to a broad base of publicly traded and privately held clients globally.

With \$51.1 billion in assets, [City National Bank](#) provides banking, investment and trust services through 71 offices, including 19 full-service regional centers in Southern California, the San Francisco Bay Area, Nevada, New York City, Nashville, Atlanta, Minneapolis and Washington, D.C. In addition, the company and its investment affiliates manage or administer \$71.7 billion in client investment assets.

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Continued on the next page....



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A business owner preparing to sell a company could make a costly error in foregoing a detailed, independent valuation to determine the company's worth — or in waiting until the last minute to obtain one.

For example, a business owner with a piece of land containing timber, with no view in a rural area unlikely to be developed for years, may draw an appraisal of \$20,000 if the assessment looks at the property simply as a place to live.

A valuation that includes a timber "cruise" — an assessment of the property's commercial potential — might push the land value to \$1 million, said Natasha Davis, senior wealth planner at City National Bank.

Earlier in her career, Davis set up an estate plan for a client who brought in an appraisal valuing his business at \$4 million. "I said, 'There's no way you have \$4 million in assets because you're bringing in \$10 million a year,'" she recalled.

Ultimately, a more thorough and accurate appraisal was done, resulting in a \$40 million valuation for the business.

Simply put, a business owner could miss significant value in his or her company without a detailed third-party valuation, yet many people skip, overlook or skimp on this important step.