

Gain powerful insight from business valuations

Enhance your business now and set the stage for a successful transition.

To you and your family, your business may be priceless. But do you know what it's actually worth?

Most business owners have a general sense of their company's value — informed by years of industry experience, market awareness and knowledge of competitors. That instinct is useful, but is not a substitute for a professional business valuation. Relying on informal estimates alone can leave you underprepared when the time comes to transition out of the business.

A formal business valuation doesn't have to wait until a sale or other transition is imminent. In fact, the earlier you obtain one, the more power you have to shape the transition outcome.

Start early

Getting a valuation well before any transition provides the time needed to act on what you learn. The earlier you know what your business is truly worth, the better positioned you are to strengthen value drivers, address weaknesses, and influence how your transition unfolds.

A professional valuation shines a light on the factors that matter most to potential buyers or successors, including issues that may take years to address:

- **Key-employee dependency.** When business success is tied to one or two individuals — including the owner — buyers typically apply a discount to reflect that risk.
- **Client concentration.** A disproportionate share of revenue concentrated among a small number of relationships can suppress valuation.
- **Operational risks.** Underlying risks that do not surface in day-to-day operations may quietly erode business worth.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.



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Align your valuation strategy with your transition goals

How you plan to exit your business matters to your valuation strategy.



If you plan to **transfer the business to a family member**, a lower, strategically timed valuation may help minimize gift or estate tax exposure. Early planning allows the time needed to use transfer vehicles designed to reduce that burden.



If your goal is to **sell to a third party**, you likely want your final valuation to be as high as possible. Understanding the value drivers today allows you to strengthen them before going to market.

Think of valuations as a roadmap, not a one-time event

A single valuation is a snapshot. A series of well-timed valuations becomes a roadmap — one that tracks your progress and equips you to make well-informed decisions at every stage.

Timing	Step	Purpose
As early as possible	Initial valuation	Establish a baseline; identify value drivers and risks to address
After a significant business shift or at a key lifecycle milestone	Follow-up valuation(s)	Confirm that value-building efforts are working and aligned with your goals
Prior to a sale or transfer	Pre-transition valuation	Confirm current market value and inform final structuring decisions

Use your valuation to make smarter business decisions

A credible, current valuation isn't just preparation for an exit — it's a practical tool for ongoing decision-making:

- How much liquidity will you need to sustain your lifestyle once you're no longer running the business?
- Could you afford to bring in a partner rather than sell outright?
- Would a transfer to family members or employees be financially viable?

Armed with a solid valuation, you can model the financial outcomes of different paths — an outright sale, a partial ownership transfer, a succession plan — and make choices grounded in real numbers rather than assumptions.

Choose the right valuation approach for your business

The three primary valuation methodologies generally align with specific business types and have distinct tax implications.

Valuation approach	Bases value on	Best suited for	Tax considerations
Income	Earnings the business generates, typically through capitalization of earnings or discounted cash flow	Service-based businesses where the primary asset is the revenue stream itself	Valuations may be structured to reflect lower sustainable income, potentially reducing the taxable value of a transfer
Asset	Fair market value of tangible and intangible assets, net of liabilities	Businesses that buy and sell products or hold significant physical assets, such as manufacturing or real estate	May support strategies like minority interest discounts or discounts for lack of marketability when transferring partial ownership to family members
Market	Recent sale prices of comparable businesses in the same industry	Service or product businesses being sold to a third-party buyer	Tax implications depend on how the transaction is ultimately structured — asset sale versus stock sale

To determine which approach may be most appropriate for your business, consider the following questions:

- Is your business revenue driven more by the services you provide or the physical assets you own?
- Are there recent, comparable sales in your industry that offer meaningful market benchmarks?
- Does the business depend heavily on your personal involvement, or could it run without you?
- Are you planning to sell to an outside buyer, or transfer ownership within your family or to employees?

Keep in mind that using a combination of two or more approaches often produces a more accurate and defensible valuation than relying on any single choice.

Build the right team around you

When engaging a valuation professional, look for someone who holds a recognized credential in business valuation, has experience in your industry, adheres to accepted valuation standards, and operates without conflicts of interest.

Your financial advisor can help you identify a well-qualified valuation professional — and also serves an important role in planning your transition. With a deep understanding of your financial situation, they can help you interpret the results of a valuation in the context of your broader goals, including your retirement income needs and estate plan, and translate the findings into a concrete action plan.

The bottom line: start now, plan well, transition on your terms

Obtaining a valuation is not about preparing to sell. It's about understanding where you stand so you can make better decisions, no matter how far away your transition may be.

If you haven't yet gotten an initial valuation, now is the right time. If you have one but it's more than a few years old, it may be worth revisiting. Business value changes, and so do your goals.

Talk to your financial advisor about where a business valuation fits into your transition plan — and what it might reveal about the future you're working toward. The earlier that conversation happens, the more options you'll have.

GET STARTED:

Valuation checklist

- Talk to your financial advisor about your transition goals
- Work with your advisors to determine the right valuation approach(es) for your business
- Select a qualified valuation professional
- Obtain an initial valuation
- Ask your financial advisor to help you interpret the results in the context of your financial big picture
- Identify actions to take now to impact future business value

Nuveen offers a range of wealth transfer education for both business owners and individuals.

Please consult your financial professional for more information and guidance with your specific situation. For financial professionals, please contact Nuveen at 800-221-9271 or visit us at [Nuveen.com](https://www.nuveen.com).

Endnotes

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