What is my business worth? A guide for Greater Cincinnati owners

Most owners ask this question first. The honest answer is a range, and where a business lands in it depends on documented earnings, how the business runs without its owner and what a buyer's lender will finance.

By Grady Collins
Main Street Exit Partners
Preparation-first business brokerage for owner-led companies.

An established business in Greater Cincinnati is usually priced on its earnings, measured a specific way and multiplied by a figure that reflects how risky those earnings look to a buyer. The result is then tested against what the buyer's lender will finance. That produces a range, and it's a today number. The same business can bring one price from a buyer competing for it and a lower one from an owner who has to sell by spring.

Before getting to the number, it helps to know what you need from a sale. Before you ask what the business is worth, ask what you need to step away covers that side, and The five stages of a business exit shows where pricing fits in the process.

Why the number in your head is usually off.

Most owners already have a number. Grady's experience is that it usually comes from a gut feeling about what the business should bring, a figure someone mentioned at the country club, or a newspaper or internet article about a sale. Those articles tend to describe much larger companies, and a company with a management team and a board is priced differently from one that depends on its owner.

Local numbers show the gap from the other side. BizBuySell's data shows Cincinnati-area businesses listed in the third quarter of 2026 at about 3.2 times cash flow, while the 39 Cincinnati sales it recorded for 2025 closed at about 2.3 times. The sample is small and the brokers report the figures themselves, so treat it as directional.

These are smaller businesses than the $1 million to $10 million in sale price that Main Street Exit Partners generally works with, and size changes the price. Nationally, BizBuySell's sales over $1 million averaged about 3.7 times cash flow and those under $1 million about 2.3 times. Size is one

factor among several. The rest of this article walks through additional factors that influence the price at which a business may sell.

Start with the right earnings figure.

Owner-run companies are usually measured on seller's discretionary earnings (SDE). That's pre-tax profit with one working owner's full pay and benefits added back, along with interest, depreciation and one-time items. Companies with a management team in place, usually larger ones, are measured on earnings before interest, taxes, depreciation and amortization (EBITDA), which keeps a market salary for whoever runs the business. Many companies between $1 million and $10 million get looked at both ways, depending on the buyer.

Getting from the tax return to either figure is called a recast. It adds back expenses a new owner won't carry, such as the owner's personal vehicle or a legal bill that truly won't recur. It also adds expenses the books leave out, such as a spouse who keeps the books without pay, rent below market on a building the owner holds, or receivables that will never be collected. Each adjustment needs a written reason and a document behind it, and the owner signs off on the result.

One common error runs the other way. Owner distributions aren't an expense, so they're already inside profit. Adding them back counts the same money twice, and a buyer's accountant will take them out.

Because the price is a multiple of this figure, a small change in earnings moves it a lot. At a multiple of three, every $10,000 of add-back is $30,000 of price. Experienced brokers can disagree about what belongs in the add-backs. Grady has also seen sales run by people with less experience get SDE grossly wrong, most often by missing a one-time or non-recurring expense or by leaving rent at what the owner pays instead of a market rate. A buyer's accountant checks both.

Only documented earnings count.

A buyer's lender checks the seller's numbers against IRS tax transcripts, and on a sale financed with a Small Business Administration (SBA) loan the lender is required to. Cash income that never reached the tax return doesn't get priced. The arithmetic works against the owner who held it back. At a multiple of three, $50,000 a year of unreported income is $150,000 of price the business can't support, far more than the tax it saved. Owners planning to sell in a few years are better off reporting everything now, so the returns buyers read show what the business earns.

What to pull together first.

Pricing starts with paper. An SBA lender at a regional Cincinnati bank said in November 2026 that the bank weights the last three years of earnings. A broker or buyer will ask for the same years and a few other items, and having them ready shortens the process.

1. Three years of tax returns with the matching profit and loss statements and balance sheets, plus the current year to date.

2. A list of equipment and vehicles with their ages and condition.
3. The lease, or a plain description of what the business pays for its space and who owns the building.
4. A customer list showing how much revenue comes from the five largest.
5. A document for every adjustment you plan to claim, such as the invoice for a legal bill you add back.

Each item answers a question the buyer's accountant will ask.

What the price includes, and what you keep.

Most sales of businesses this size are priced cash-free and debt-free. The buyer pays for the equipment, vehicles, normal inventory, customer relationships and name. The seller keeps the cash and receivables and pays off the company's debt at closing. What you walk away with is the price, plus your cash and collected receivables, minus the debt paid off, taxes and fees. Two offers at the same price can leave very different amounts in your pocket, depending on how much is paid at closing and how much rides on a seller note or on results after the sale.

A few items catch owners off guard. Trucks and equipment are worth what they would sell for, which is often less than their book value. Only saleable inventory counts, and obsolete stock gets written down. At this size the buyer usually funds working capital separately, out of pocket or through the loan, which leaves less for the business itself. Larger sales, especially to private equity–backed buyers, often set a working capital target instead and adjust the price dollar for dollar at closing. These belong in the letter of intent, not in a dispute after it.

How a price gets set.

Professionals look at value three ways. The market approach compares the business with what similar businesses actually sold for, using transaction databases that brokers report to. The income approach asks what a buyer would pay for the earnings given their risk. The asset approach sets a floor, which is what the equipment and inventory would bring if the business closed. For companies this size the market approach usually carries the most weight, because small-company profits swing too much from year to year for long forecasts to hold up.

The comparable-sales data has limits. The databases define "price" differently (some include inventory, some don't), brokers enter the records themselves, and multiples spread widely even within one industry code. A multiple means little until you know which earnings it was applied to and what the price included. Rules of thumb are a sanity check for the same reason, and calculators that take your revenue and return a number skip most of what a buyer examines. Two HVAC contractors with $3 million in revenue can earn very different profits, and they aren't worth the same.

A worked example.

Here's a hypothetical Cincinnati HVAC contractor, with round numbers and a simplified loan, for example purposes only. The multiples were chosen to show how the math works. They aren't a

market rate for HVAC companies or a benchmark for your business. The multiple a real business earns depends on many factors, including its size, how it runs without the owner, its customers, its records, the buyers it draws and the terms of the deal.

Revenue	$3,500,000
Pre-tax profit on the tax return	$380,000
Add back the owner's salary	$150,000
Add back the owner's benefits and personal vehicle	$25,000
Add back depreciation and interest	$80,000
Deduct a market wage for bookkeeping the owner's spouse does unpaid	($35,000)
SDE	**$600,000**

At an example multiple of three times SDE, the price is $1.8 million. A buyer using an SBA 7(a) loan brings 10 percent, $180,000, and borrows about $1.6 million over 10 years. At an assumed 9.5 percent rate, about two and a half points over the prime rate, payments run about $252,000 a year.

The lender won't treat all $600,000 as available for those payments. The buyer needs a salary, say $140,000 including bonus for someone who can run the company. A careful lender will also allow for equipment the business has to keep replacing. This company replaces about two service vans a year, and an upfitted van now runs $60,000 to $65,000, so that's roughly $130,000 the depreciation add-back doesn't cover. That leaves about $330,000. It covers the payments about 1.3 times, and lenders generally want at least 1.25.

At an example multiple of three and a half times SDE, payments rise to about $293,000 and coverage falls to about 1.1. The difference then has to come from more buyer cash, a seller note or a lower price. SDE still adds all depreciation back; that's the standard measure. The fleet shows up later, when the lender asks whether cash flow will cover the loan once the trucks it depends on have been replaced on schedule.

What moves the multiple.

Where a business lands in its range depends mostly on how safely its earnings pass to someone new. If customers call the owner's cell phone and the owner prices every job, a buyer sees risk in the first year. The same goes for a business where one customer is a third of revenue. In Ohio, a commercial HVAC, plumbing or electrical license is issued to an individual and assigned to the company. If that person leaves, the assignment ends within 90 days unless someone else at the company holds the same license, so a buyer will ask who holds it and whether they're staying.

Other factors push the other way. Maintenance agreements that renew each year, a dispatcher or service manager who runs the schedule, and monthly statements that tie to the tax returns all make earnings easier to believe and easier to finance. Larger companies typically draw more buyers and higher multiples. A seller willing to carry part of the price can widen the buyer pool. Most of these

can be worked on before a sale, and some take a year or more to show up in the tax returns buyers will read.

The buyer's lender sets a ceiling.

Many Main Street buyers rely on outside financing, often SBA-backed. Under the SBA rules in effect since October 1, 2026, the lender orders its own independent business valuation from a credentialed appraiser, unless the price is $350,000 or less, when the lender may use an internal one. If the purchase price is higher than the valuation, the buyer has to cover the difference with equity, either cash or a seller note on full standby. A valuation the buyer or seller commissions can't stand in for the lender's. A seller note counts toward the buyer's 10 percent only if it's on full standby, with no payments for the life of the loan, and then only for up to half of it. When the lender's valuation comes in low, the price usually comes down to meet it. Every dollar of the deal has to appear in the documents the lender sees; a side payment outside them is bank fraud.

Who buys, and how many of them.

An individual buying a job, a competitor buying customers and a private equity–backed company adding a location can each pay a different price for the same business. Private equity–backed buyers have been active in HVAC and other trades, and because they bring their own capital, they can pay more than an SBA-financed buyer can borrow against. Competition matters as well. In closed-deal data Axial published in September 2026, companies with $1 million to $2 million of EBITDA that drew 41 or more interested buyers sold at a median of about 5.0 times EBITDA, against about 3.5 times for those that drew 20 or fewer. Axial notes that's an association, not proof of cause, and those companies are larger than most Main Street sales. The same logic applies at Main Street size, since more qualified buyers in a process means more competition for the business.

The building and taxes.

If the business uses a building the owner holds, buyers price the business as if it pays market rent. A business that has paid its owner little or no rent can see its earnings drop sharply once market rent goes in, and now and then the property turns out to be worth more than the business. The building is valued separately. Selling a business that owns its building walks through the choices.

The same price can also leave very different amounts after tax, depending on how it's split among equipment, goodwill and other items, and on where you and the business file. Ohio, Kentucky and Indiana tax a sale differently. Settle the allocation with your CPA before the letter of intent.

When you need a formal valuation.

A broker's pricing discussion estimates the most probable selling price in an open-market sale. Estates and gifts, divorces, partner buyouts and buy-sell agreements call for a different standard, fair market value, often with a discount for a minority interest, and they need an independent appraiser with a recognized credential. An SBA lender orders its own valuation, from an independent, credentialed appraiser unless the price is $350,000 or less. Main Street Exit Partners

talks through how buyers may view a business as part of readiness, and that discussion isn't an appraisal.

Check the appraiser's credential. The ones lenders recognize include Accredited Senior Appraiser, Accredited in Business Valuation and Certified Valuation Analyst. One nonprofit small business lender puts a professional valuation of a small business at typically $3,000 to $5,000 and says it takes several weeks. That is one organization's figure, so ask for a quote.

Owners across Greater Cincinnati, Northern Kentucky and Southeast Indiana can read how Main Street Exit Partners works with businesses in the region on the Cincinnati business broker page.

Common questions

How is the value of a business determined?

For an owner-run business, a buyer or broker recasts the earnings to seller's discretionary earnings or earnings before interest, taxes, depreciation and amortization, applies a multiple based on what comparable businesses sold for and how risky the earnings look, and then checks the result against what a lender will finance. The equipment and inventory set a floor. For an estate, divorce or buy-sell agreement, a credentialed appraiser determines fair market value instead.

Is a business worth three times its profit?

Three times is a common reference point for an owner-run business, and the multiple moves with size, risk and how many buyers compete. It applies to recast earnings, so the profit on the tax return is the wrong starting figure. BizBuySell reported an average of 2.30 times cash flow for third-quarter 2026 sales under $1 million and 3.73 times for sales over $1 million. On $300,000 of recast earnings, two and a half times is $750,000 and three and a half times is $1,050,000, which shows how much the multiple matters.

Can I value my business on revenue?

Not reliably. Revenue says nothing about what a business earns, and two companies in the same trade with the same revenue can have very different profits. Buyers and lenders price an established business on its recast earnings. Revenue multiples are used as a cross-check, and in a few industries, such as accounting practices, as a starting point.

Are online business valuation calculators accurate?

They give a rough range at best. Most take revenue or reported profit and apply an industry average without recasting the earnings, checking what's documented, deducting equipment replacement or testing what a lender will finance. Those steps are where most of the difference between two similar businesses shows up. Pricing a business takes many judgment calls, from which add-backs a lender will accept to what market rent the space would bring, and a form with a few boxes can't make them.

When do I need a formal business valuation?

When the value is for an estate or gift, a divorce, a partner buyout, a buy-sell agreement or an employee stock ownership plan. Those use fair market value and call for an independent appraiser with a recognized credential, such as Accredited Senior Appraiser or Certified Valuation Analyst. On a sale financed with a Small Business Administration (SBA) loan, the lender orders its own valuation from an independent, credentialed appraiser unless the price is $350,000 or less. One nonprofit small business lender puts a professional valuation of a small business at typically $3,000 to $5,000.

Sources

U.S. Small Business Administration, *SOP 50 10 8.1: Lender and Development Company Loan Programs* (effective October 1, 2026), sba.gov.

Ohio Revised Code 4740.07, assignment of contractor licenses, codes.ohio.gov.

Charles H. Green, *The SBA Loan Book*, 3rd ed. (Adams Media, 2011).

Glen Cooper, *Glen Cooper on Business Brokerage: What Works & What Doesn't*, 2nd ed. (Langdon Press, 2025).

Terry Monroe, *The Art of Business Brokerage* (2011).

William M. Thomas, *The Six-Figure Business Broker* (Florida Business Brokers, 2018).

Nick Coetzee, "Why Process Is the Key to Maximizing an Exit Valuation," Axial, September 24, 2026, axial.net.

BizBuySell, *Insight Report, Q3 2026* and data tables (October 20, 2026), bizbuysell.com.

Grow America, "How much is your business worth? Three ways to value your company," December 20, 2024, growamerica.org.

A conversation with an SBA lender at a regional Cincinnati bank, November 2026.

International Business Brokers Association, Course 220, *Introduction to Pricing Small Businesses* (participant guide and course session).

Brent Beshore, *The Messy Marketplace: Selling Your Business in a World of Imperfect Buyers* (2018).

This article is provided for general educational and informational purposes only. It is not legal, tax, accounting, investment, financing, valuation, or appraisal advice, and it does not create a broker-client relationship or advisory relationship.

Business sales involve legal, financial, operational, and personal considerations that vary by situation. You should consult your attorney, accountant, tax advisor, financial advisor, lender, and other appropriate professional advisors before making transaction decisions.

START WITH READINESS

Understand where your business stands.

A Confidential Exit Readiness Assessment is a private first conversation about where your business sits in the process, what buyers are likely to care about, and what a prepared path forward may look like. Preparation does not obligate you to go to market.

REQUEST A CONFIDENTIAL EXIT READINESS ASSESSMENT

Scan to request

mainstreetexitpartners.com/exit-readiness · info@mainstreetexitpartners.com · 513.273.5055

The Exit Library is designed to help owners understand the business-sale process before they are in the middle of it.

Main Street Exit Partners, LLC provides business brokerage services. Grady Collins is a licensed real estate salesperson in the State of Ohio. Business and real estate transactions are brokered by eXp Commercial, LLC.
© 2026 Main Street Exit Partners, LLC. All rights reserved.
Read online: https://mainstreetexitpartners.com/exit-library/what-is-my-business-worth/