

Why the Same Business Has Different Value to Different Buyers

Whose lens are you looking through?

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Ask enough buyers what your business is worth, and you'll discover something surprising: your business doesn't have a single value. It has a range of values, depending on who's looking at it.

Consider a business generating \$4 million of EBITDA. A private equity firm values it at 5x. A strategic competitor sees synergies and offers 8x. Same financials, same year, same business, yet a \$12 million gap separates two perfectly rational buyers.

That isn't because one of them is right and the other wrong. It's because valuation isn't simply an exercise in mathematics. It's the process of balancing historical performance with future opportunity, and every buyer sees that opportunity differently.

The multiple isn't simply a measure of past performance. It's a measure of confidence in future performance.

Business owners spend years creating value. Selling a business is about creating the conditions for the market to recognize it.

Two Perspectives. One Business.

Owners view their companies through years of accumulated experience. They remember the first major contract, the customer relationships built over a decade, the product that changed the company's direction. Their understanding extends far beyond what appears in the financial statements.

Buyers begin somewhere else entirely.

They ask whether future cash flows are sustainable. How dependent is the business on its owner? How concentrated is the customer base? What added investment will be required? Where are the risks, and how certain are the growth opportunities?

They're not buying last year's earnings alone. They're buying their confidence in next year's, and the years that follow.

That's why two businesses with identical financial performance can command dramatically different valuations. The business may be the same. The buyer's confidence isn't.

The Value You Can't See in Financial Statements

Not all value shows up in historical financial results.

A business may have invested heavily in new equipment, expanded production capacity, strengthened its management team, or implemented systems designed to support the next phase of growth. Those decisions often reduce profitability in the short term, even though they create significantly more value over time.

Likewise, recurring revenue, a diversified customer base, intellectual property, or a management team capable of operating independently of the owner rarely show up directly in EBITDA. Yet each one can materially change how a buyer views future cash flow and risk.

Look only at trailing performance, and you'll arrive at one number. Understand what those investments and capabilities are about to unlock, and you'll arrive at another.

Financial statements explain where a business has been. They don't always explain where it's going.

The value already exists. The question is whether buyers recognize it.

Different Buyers. Different Futures.

Every buyer evaluates the same business through the lens of their own strategy.

A strategic acquirer sees operational synergies, a geographic foothold, or a customer base worth owning outright. These may be advantages another buyer could not justify paying for. A financial buyer runs the numbers on returns, financing, and execution risk. An entrepreneur buying the business to operate it themselves might trade high growth for stability, willing to accept less upside in exchange for the predictability that a private equity fund may not offer.

They're not valuing the same opportunity differently. They're evaluating different opportunities.

That's why identifying and connecting with the right buyers matters just as much as determining the right valuation.

"An owner had an unsolicited offer in hand and was ready to accept it: no process, no other buyers, just one number that felt generous. After agreeing to engage in a process, the winning offer came in 30% higher, for a business that hadn't changed at all. The only thing that changed was who was looking at it."

*Richard Betsalel
Managing Director, Crosbie & Company Inc.*

That experience illustrates a misconception many business owners have about selling a business.

A business doesn't become more valuable because more buyers see it. It becomes more valuable when the right buyers recognize what others don't.

Business owners spend years creating value. Selling a business is about creating the conditions for that value to be recognized by those who understand it best.

The difference isn't measured by the number of offers you receive. It's measured by whether the market truly understands what you've built.

Most owners think selling a business is about finding a buyer.

It isn't.

It's about creating a market.

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