

Excerpt from

What It's Worth:

# Valuing Electrical Contracting Companies

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What It's Worth:  
**Valuing Electrical  
Contracting Companies**

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A BVR SPECIAL REPORT



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## **What It's Worth**

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# Introduction

I have been valuing companies since 2000, and, like many valuation experts, I've learned that every valuation client has a different nuance and every industry has particular elements that make it unique from other industries. Among the hundreds of clients I've worked with over the years are many small to medium-sized businesses, including electrical contractors.

As contractors, these businesses can have unique accounting, operational, and employee qualities that should be considered and factored into the valuation analysis. It's so important to be educated in those considerations so that you, as an appraiser, can offer the best possible services and benefit to the valuation assignment and so that you, as a business owner, understand what factors play into the value of your company.

The chapters in this report focus on what makes electrical contractor companies valuable and what detracts from their value, the special considerations that go into developing the valuation analysis, and the risk factors associated with their operations. Also discussed are the purposes of the valuation analysis and the appropriate methodologies, discounts, and normalizations.

This special report serves to accomplish three key objectives: (1) to provide a comprehensive analysis of the key points to consider when performing a valuation of an electrical contractor; (2) to discuss the current market conditions in which electrical contractors operate along with insights into the unique factors that drive value for these businesses; and (3) to give business owners a perspective on how their company may be valued so they can plan for the future.

To achieve these goals, this report provides a detailed case study of an electrical contractor valuation assignment, offers an explanation on why one approach may be the favored method over another for valuing such businesses, provides guidance on the best practices for selling electrical contracting companies, and outlines succession and exit planning considerations. Finally, the report provides data that may generally help benchmark the value of an electrical contractor.

In my opinion, it's the smaller to medium-sized, privately held businesses, such as the typical electrical contracting company, that comprise the core of the American economy. I relish the chance to work with the owners and entrepreneurs of these businesses and walk them through the process of the valuation analysis. I wholeheartedly believe that, as valuation experts, we are best qualified to help business owners, such as those who own an electrical contracting operation, achieve their goals of value enhancement within their closely held business asset.

I am very grateful to work with Business Valuation Resources and for its continued support to the valuation field.

Best,

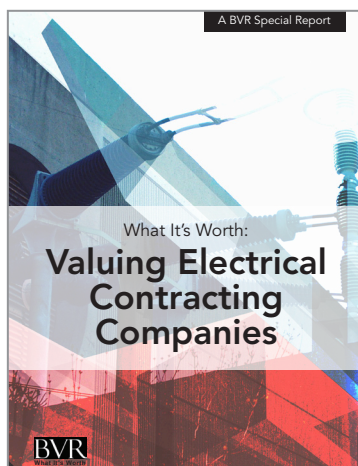
A handwritten signature in dark ink, appearing to read "EDH", followed by a small flourish.

Erin D. Hollis, ASA, CDBV





## Benchmark the value of an electrical contracting company with this powerful special report



BVR's new special report, **What It's Worth: Valuing Electrical Contracting Companies**, is your resource for understanding the accounting, operational, and workforce components that affect value within this dynamic industry. With guidance from valuation experts Erin Hollis, Matthew Crane, and others, this report explores the components that go into valuing electrical contractors, as well as the risk factors associated with their operations.

### Highlights of the guide include:

- Important industry trends to help you benchmark the value of electrical contracting companies - access data and analysis from *Pratt's Stats* and rules of thumb from the *Business Reference Guide*
- Key insights into the value drivers for electrical contracting companies - learn the unique accounting, operational, and workforce qualities of these types of businesses, as well as the risk factors that are associated with their operations
- Explore a real-world case study of an electrical contracting company valuation utilizing the income approach

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