

# One location today. A three-location business tomorrow?

A market-based “estimate of value” baseline for Lube Station II, an expansion scenario, and an assessment of the intangible-asset risks that could determine whether growth creates transferable value and a viable exit.

# A trusted local operation with a desire to grow and plan for exit

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10+

YEARS IN BUSINESS

\$410K

ASSESSED REVENUE

4.7 / 5

AVERAGE REVIEW SCORE

2 bays

CURRENT LOCATION

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- **Owners**

Tammy and Karen are best friends and hands-on co-owners of the locally owned, female-operated shop.
- **Value proposition**

Fast oil changes and state inspections, consistent work, and an honest, welcoming experience support repeat traffic and strong reviews.
- **Revenue mix**

Oil and filter work is complemented by quick add-on services and fleet maintenance for local government and commercial customers.
- **Objective**

Add two locations and prepare for an eventual exit in five to seven years
- **Assessment Needs**

They need a credible baseline value, an understanding of factors that drive value and a plan to achieve their objectives.

# Using a market multiple methodology and calculating SDE will determine baseline estimate of value

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## WHY SDE?

**Seller's Discretionary Earnings** measures the total financial benefit available to a full-time owner-operator.

For businesses below roughly \$5 million of revenue, owner compensation and discretionary expenses often make SDE a more relevant market measure than EBITDA.

MARKET-BASED INDICATION

**Adjusted SDE**

×

**Comparable transaction multiple**

**= estimated operating-business value**

# Spotlight enhances the assessment; it determines an estimate of value and an assessment of transferability risk

## ESTIMATE OF VALUE

**Adjusted SDE or EBITDA**

×

**Industry transaction multiple**

**Estimated range of value**

Spotlight compares profitability and market multiples with industry data. Interactive sliders show how changes in margins or the multiple affect the Profit Gap, Value Gap, and unlocked value.

## RISK ISSUES

### **Business attractiveness**

Repeat revenue, systems, financial records, competitive position, and market opportunity

### **Owner readiness**

Owner dependency, knowledge of value, corporate records, exit options, and contingency planning

The 12-question assessment identifies high-level intangible asset risk issues that may reduce buyer confidence or make the business harder to transfer. Spotlight uses these findings to focus the advisor-owner conversation on actions that would drive a stronger multiple, higher value, improved transferability.

## SPOTLIGHT OUTPUT

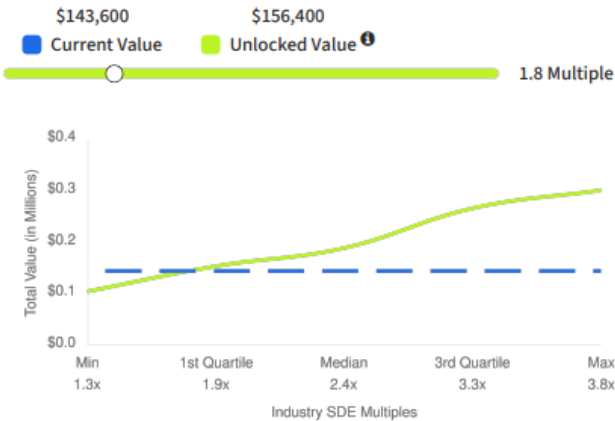
**A current estimate of value range, industry benchmarks, profit and value gaps, real-time scenarios, and specific readiness issues for follow-up.**

# Spotlight determines current estimate of value, unlocked potential value and important comparative data

### Your Unlocked Business Value

This chart shows your business's Current Value based on your assessed SDE multiple. The additional value your business could realize by achieving a best-in-class industry multiple is your Unlocked Value.

As you increase your multiple using the slider, your Current Value rises and the Unlocked Value naturally shrinks—because you're getting closer to the best-in-class industry benchmark.



### Profitability: Your Company vs. Sector

This chart shows your company's SDE margin compared to industry benchmarks, broken down by quartile.

Use the slider to simulate stronger margin performance and uncover your Profit Gap—the additional SDE you could generate by reaching higher industry standards.

By exploring different margin scenarios, you can visualize how operational improvements could directly push your business value higher.



### ASSESSED INPUTS

**\$410,202**

Revenue

**\$80,000**

SDE | 19.5% margin

**1.8x**

Assessed SDE multiple

### VALUE RANGE

**\$130K–\$160K**

The \$156,400 of unlocked value would bring the modeled value to \$300,000 if the business reached the best-in-class multiple used by the assessment.

# SDE profitability determines the baseline value; addressing intangible asset risk issues influence the multiple and enhances transferability

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- |    |                              |                                                                                                               |
|----|------------------------------|---------------------------------------------------------------------------------------------------------------|
| 01 | <b>Predictable demand</b>    | Repeat customers, fleet accounts, and consistent car count support future earnings.                           |
| 02 | <b>Replicable operations</b> | Documented bay procedures, quality checks, pricing, inventory, and inspection controls reduce execution risk. |
| 03 | <b>Owner independence</b>    | Managers and technicians must deliver the same experience without Tammy or Karen at every location.           |
| 04 | <b>Financial clarity</b>     | Location-level revenue, labor, materials, add-on sales, and cash flow need timely, reliable reporting.        |
| 05 | <b>Defensible reputation</b> | Strong reviews help today, but the brand must travel to new markets without service quality slipping.         |
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For expansion, the key question shifts from “Can the owners run a good shop?” to “Can the system produce the same results across three shops?”

# Spotlight identifies strategic assumptions that determine success of a three-location value model

| MATURE SITE                                    | CURRENT ESTIMATE OF VALUE                      | UPPER ESTIMATE OF VALUE<br>BENCHMARK (BASED ON COMPS) | EXCLUSIONS                                       |
|------------------------------------------------|------------------------------------------------|-------------------------------------------------------|--------------------------------------------------|
| <div>\$410K revenue</div> <div>\$80K SDE</div> | <div>1.8× SDE</div> <div>\$144K per site</div> | <div>3.75× SDE</div> <div>\$300K per site</div>       | <div>Ramp losses</div> <div>Debt and capex</div> |

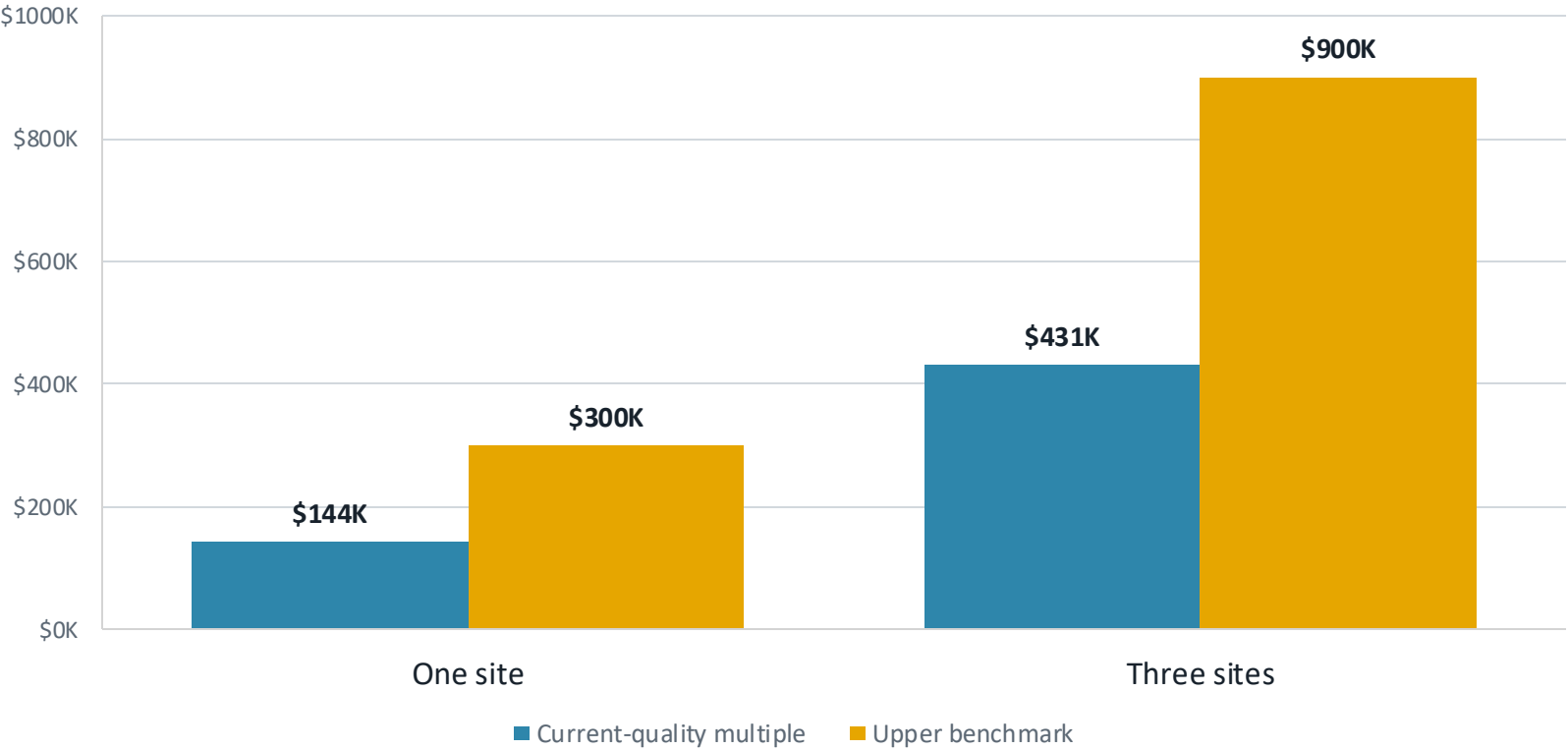
## Illustrative steady-state case

Each added shop eventually matches the assessed location's revenue and SDE. The current estimate of value case applies the same 1.8× multiple. The upper estimate of value benchmark case applies the assessment's implied 3.75× multiple.

**Important constraint**

The model does not deduct startup losses, site build-out, equipment, acquisition costs, financing, added central management, taxes, or working capital. Those items must be modeled before an expansion decision.

# Three mature sites could be worth an estimated \$431,000 to as much as \$900,000



THREE-SITE REVENUE

**\$1.23M**

3 × \$410,202

THREE-SITE SDE

**\$240K**

3 × \$80,000

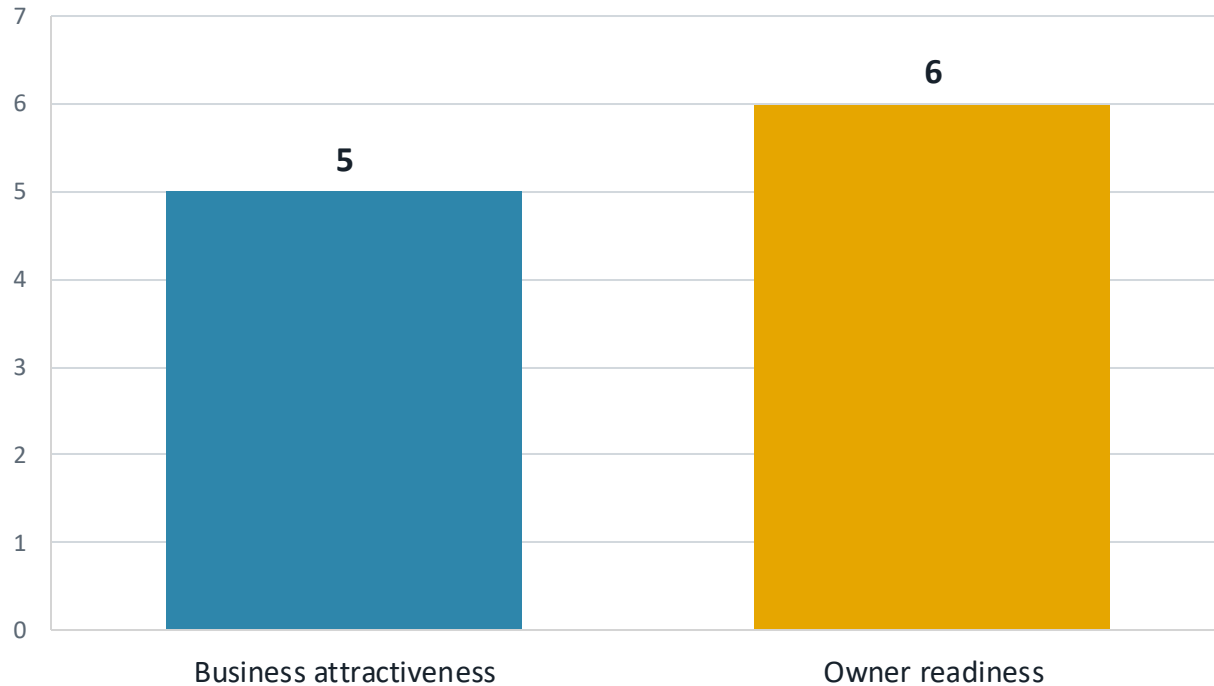
CURRENT RANGE CHECK

**\$390K–\$480K**

3 × assessed \$130K–\$160K range

These steady-state values assume all three sites achieve the same operating economics. They do not represent the value immediately after opening.

# The Spotlight assessment flagged 11 issues that could accelerate value and enhance transferability



## BUSINESS

- Repeat-revenue predictability
- Critical systems and processes
- Financial management and records
- Low barriers to entry
- Limited addressable market

## OWNERS

- Owner dependency
- Understanding current value
- Corporate records
- Selling process and options
- Contingency plan
- Understanding value drivers

A deeper assessment is needed to rank their severity and measure change over time.

# Growth can magnify weaknesses before it multiplies value

| RISK                   | WHY IT MATTERS                                                                                                                | CONTROL                                                               |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Owner dependency       | Three sites cannot rely on two owners being present for every customer issue, inspection, hiring decision, and quality check. | Build location leadership before site two opens.                      |
| Process consistency    | Fast turnaround and a no-corners-cut reputation depend on repeatable procedures across every bay.                             | Document work standards and audit them.                               |
| Financial visibility   | Aggregate results can hide a weak location, poor labor utilization, inventory leakage, or low add-on conversion.              | Track a separate P&L and operating dashboard for each site.           |
| Customer concentration | Fleet contracts support volume, but concentration can make earnings vulnerable if a large account leaves.                     | Measure revenue by customer and contract renewal risk.                |
| Brand transfer         | A 4.7-star reputation creates trust, but one poorly managed site can damage the whole brand.                                  | Use hiring, training, and review-response standards across locations. |

# A strategic plan – a staged rollout protects cash, service quality, and exit readiness



## BASELINE

Recast SDE  
Confirm unit economics  
Document core processes



## SITE 2 GATE

Manager in place  
Site-level reporting  
Quality metrics stable



## SITE 3 GATE

Site 2 reaches target car count  
and cash contribution  
Central support proven



## EXIT READY

Owners step back  
Three-site results are reliable  
Records and contracts are  
organized

### Decision discipline

**Open the next site only after the prior operating model works without routine owner intervention and produces reliable location-level cash flow.**

# The owners need to convert their personal goodwill into an effective operating system that is independent



The central exit metric

**How consistently can the business generate cash flow when Tammy and Karen are not running each shop?**

THE CASE IN ONE VIEW

The baseline answers what the business may be worth today.

Addressing the identified risks determines whether expansion creates transferable value and desirable exit.

**\$130K–\$160K**

CURRENT ESTIMATE OF VALUE RANGE

**\$431K**

THREE SITES AT CURRENT 1.8x MULTIPLE RANGE

**\$900K**

UPPER ESTIMATE OF VALUE SCENARIO

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**Priority before expansion**

Prove owner-independent management, documented operating controls, location-level financial reporting, corporate operating and agreement documents, contingency plans, and consistent customer experience.

Quist Insights Spotlight provides a market-based planning indication. Expansion values are illustrative and exclude startup, financing, transaction, tax, and asset adjustments. Obtain detailed financial modeling and an appropriate valuation before making investment or exit decisions.