



AMERICAN SMALL BUSINESSES FORFEITING \$3.7 TRILLION in UNREALIZED VALUE

Exit Planning Software Platform Capitaliz Identifies Missed Wealth Opportunities for Small and Medium Sized Business Owners

DENVER, CO, USA , July 13, 2023 /EINPresswire.com/ -- Capitaliz, a leading digital platform for exit

“

The valuation gap in the valuation those businesses should hold represents significant commercial risk to middle America and their local communities: from wealth transition and job security.”

Craig West

planners to deliver scalable business valuation, succession, and exit planning outcomes, today announced findings from its quarterly US Value Potential Index (VPI) report. The report assessed the Value Potential Index™ (VPI) of hundreds of private mid-market businesses and reveals that thousands of mid-market businesses have missed out on trillions of dollars in unrealized value due, in part, to non-existent or poorly structured succession plans.

In the face of the largest transfers of wealth in history, the Boomer Generation owns more than 2.3 million private mid-sized businesses. With more than 10,000 Americans

reaching retirement age every single day, there are an increasing number of businesses on the precipice of succession or exit. Yet, according to Capitaliz's data, those businesses are leaving more than \$3.7 trillion on the table or approximately \$1.3 million per mid-market business.

Capitaliz estimates that the combined value of private mid-market businesses in the US to be \$24.3 trillion but with some forward planning and preparation, that number could be closer to \$28 trillion. Further, some 59.5% of this value gap—the disparity in the valuation those businesses should hold—resides in the 10-249 employee category, with \$900,000 and \$1.3 million respectively left on the table for smaller and medium sized businesses.

“Without exception, all business owners will eventually exit their businesses, leading to the largest transfer of wealth in history. Yet, the majority of private mid-market businesses will not receive what their business is truly worth,” said Craig West, Founder and Chairman of Capitaliz. “Countless studies point to the unsettling reality that the lack of a thorough business valuation has consequential repercussions.”

The importance of mid-market businesses cannot be underestimated. According to research from Rothschild and Co, middle market businesses represent less than 3% of all US businesses

but are responsible for one-third of the US GDP and employment. Meanwhile, a staggering 58% of small business owners operate without a transition or succession plan.

Capitaliz attests that the value gap can be attributed to the non-existent or lack of adequate succession preparation and exit planning strategies. Businesses with proper succession planning are valued \$1.3 million more than unprepared peers, on average.

“With the impact of inflation, cost of living increasing, and bank uncertainty, it is super important for businesses to gain valuations based on what they’re actually worth—now, more than ever,” West continued. “Most of these businesses are based in regional centers—not in the big city hubs like New York and L.A—and the valuation gap represents significant commercial risk to middle America and their local communities: from wealth transition and job security.”

The report also highlights a positive shift in market sentiment, evident through various indicators including a decline in the number of businesses available for sale and favorable macroeconomic factors such as increased stock market capitalization and higher PE ratios. Notably, there has been a significant 4.22% decrease in listed businesses for sale compared to the previous quarter. This suggests that recently sold businesses are not being promptly replaced by new listings, indicating a possible trend of owners reconsidering their decision to sell.

Capitaliz’s proprietary VPI allows for accurate assessment of the value potential of mid-market businesses and determines the most appropriate actions to take in order of priority that will most affect business valuations. The VPI is informed by hundreds of business valuations conducted over the last decade and a half and includes economic, industry and business-based risk scores to determine profit gap, benchmarking, exit readiness, and attractiveness to determine business value potential. It also takes into account economic factors, industry trends, and business sentiment.

“Capitaliz is the authoritative tool to identify, protect, maximize and extract the \$10 trillion tied up in privately owned businesses worldwide and to ensure the best possible exit outcomes for all stakeholders,” said Nic Foster, CEO of Capitaliz.

Capitaliz’s insights and valuation tools allow business owners to identify current valuation and key actions to accelerate business value. The platform leverages the 21-step process which has been used for more than a decade with business owners to identify, protect, accelerate, unlock, and manage value in privately owned businesses.

To download the full US VPI report, visit: <https://lander.capitaliz.com/q1-2023-value-potential-index>.

ABOUT CAPITALIZ

Capitaliz is a leading digital platform for exit planners to deliver scalable business valuation, succession, and exit planning outcomes. Created by exit and succession planning veterans,

Capitaliz is built with the understanding of exit strategies and proven methodologies to accelerate business value and improve outcomes for private business owners. Succession planning guidance and insights for mid-market clients are paired with collaborative tools, automated recommendations, and administrative functions to help businesses maximize value and manage risk. Capitaliz is headquartered out of Sydney, Australia and works with advisors throughout Australia, the UK, and North America. For more information, visit www.capitaliz.com.

Marissa Arnold

Capitaliz

capitaliz@marissaarnoldpr.com

Visit us on social media:

[Facebook](#)

[Twitter](#)

[LinkedIn](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/640774875>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.